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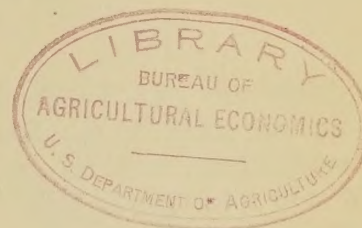
ECONOMIC BRIEF WITH RESPECT TO THE PROPOSED MILK MARKETING
AGREEMENT AND PROPOSED ORDER FOR THE FALL RIVER, MASSACHUSETTS
MARKETING AREA

by

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Economic Brief with respect to the Proposed Milk
Marketing Agreement and Proposed Order for the
Fall River, Massachusetts, Marketing Area. 1/

Introduction

The Proposed Marketing Agreement and Proposed Order for the Fall River Marketing Area is intended to regulate the handling of milk in the current of interstate or foreign commerce, as provided in the Agricultural Marketing Agreement Act of 1937 (Public - No. 137 - 75th Congress) for the purpose of reestablishing prices to producers in accordance with the policy of Congress as stated in said act. The principal methods proposed for accomplishing this purpose are:

1. The classification of milk according to use.
2. The fixing of minimum prices which handlers shall pay for milk sold in each class.
3. The establishment of a rating plan for the proper proration to producers of the proceeds of sales to handlers.

The economic basis for the proposed marketing agreement and proposed Order is set forth in detail in the following pages.

1/ See Part IV for description of the Marketing Area.

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PART I

The Economic Status of Milk Shippers in the States Which Supply Milk to the Fall River Marketing Area, 1929-1937

The milk supply of Fall River is produced in the States of Massachusetts and Rhode Island, approximately 55 percent originating in the former and 45 percent in the latter. The territorial extent of the production area is small, more than 90 percent of the supply originating within the proposed marketing area. 2/ Production is heavy enough in this area, however, to supply all of the fluid milk requirements of the market and a substantial portion of the requirements for cream to be distributed as fluid cream. 3/

From 1929 to 1933 the prices received by farmers in Massachusetts and Rhode Island for milk sold wholesale declined steadily. (See table 1.) In 1933 the average farm price of milk sold wholesale in Massachusetts was 36.8 percent lower, and in Rhode Island 34.9 percent lower, than in 1929. While prices received by farmers for milk in these States declined materially, as indicated above, the index of prices paid by farmers for commodities bought declined to a considerably less extent, i. e., from 95.5 in 1929 to 68.0 in 1933, 4/ or a decline of 28.8 percent. Thus, there was a marked decline in the purchasing power of milk sold wholesale by farmers during the period 1929-1933. Since 1933 the purchasing power of milk sold wholesale by farmers has increased somewhat, but during the first five months of 1937 the purchasing power of milk sold wholesale by farmers in Massachusetts and Rhode Island was still below the 1929 levels. The purchasing power of milk in Massachusetts especially has declined relative to 1929 levels during the first five months in 1937 compared to the purchasing power of milk during 1935 and 1936.

During the period 1929-1933, there was a marked decline in the gross income from milk produced on farms and in the cash income from dairy products sold from farms in the United States and in the States of Massachusetts and Rhode Island. In 1929 the gross income from milk produced on farms in the United States was \$2,322,553,000; in 1933, it was \$1,262,554,000, a decline of 45.6 percent in the four-year period. In

2/ See Economic Brief With Respect to the Proposed Marketing Agreement and Proposed Order for the Fall River, Massachusetts, Marketing Area, Paper No. 2, Series on Marketing Agreements and Orders, Dairy Section, Agricultural Adjustment Administration, February 1936, Part V.

3/ Considerable quantities of "outside" cream are purchased, largely through the Boston cream market.

4/ This is an index which represents the United States' average prices paid by farmers for commodities bought (August 1919-July 1929 - 100).

TABLE 1.- Index of prices paid by farmers for commodities bought, and wholesale farm price of milk per hundred weight in Massachusetts and Rhode Island, and percent decline since 1929, by years 1929-1936, and by months January-May 1937

Year and month	Index of prices : Farm prices :			Farm prices :		
	paid by farmers : of milk sold :			of milk sold :		
	for commodities : wholesale per:			wholesale per :		
	bought : hundredweight:			hundredweight:		
	August 1919- : in :			in :		
	July 1929 - 100 : Massachusetts:			Rhode Island :		
	Percent	Dollars	Percent	Dollars	Percent	
1929	95.5	3.40	-	3.58	-	
1930	90.5	3.39	.3	3.31	7.5	
1931	77.4	2.82	17.1	2.36	34.1	
1932	66.8	2.30	52.4	2.14	40.2	
1933	68.0	2.15	56.8	2.33	34.9	
1934	76.7	2.44	28.2	2.65	26.0	
1935	78.0	2.79	17.9	2.78	22.3	
1936	77.4	2.87	15.6	2.84	20.7	
1937						
January	81.1	2.60	23.5	3.10	13.4	
February	82.4	2.50	26.5	3.05	14.8	
March	82.4	2.65	22.1	3.00	16.2	
April	83.6	2.60	23.5	2.90	19.0	
May	83.6	2.55	25.0	2.60	27.4	

Compiled from reports of the Bureau of Agricultural Economics, Division of Crop and Livestock Estimates

Massachusetts and Rhode Island the gross income from milk produced on farms declined 36.0 percent and 30.7 percent, respectively, in this period. (See Table 2.).

The 1933 cash income from dairy products sold from farms in the United States was 46.5 percent below the cash income from this source in 1929. In Massachusetts and Rhode Island the declines in such income from 1929 to 1933 were 37.2 and 31.1 percent, respectively. (See Table 3.)

Although in 1934 and 1935 much improvement was evidenced in the gross and cash income from milk produced and dairy products sold from farms, comparison with such income in the year 1929 indicates that the income of the dairy farmers was still unfavorable. Gross income from milk produced on farms in Massachusetts in 1934 was 27.7 percent below that in 1929, and in 1935 it was 14.2 percent below that in 1929; while in Rhode Island in 1934 it was 20.6 percent below 1929 and in 1935 it was 9.7 percent below 1929. Similarly, cash income from milk sold from farms in these States was 29.9 percent and 21.1 percent, respectively, below the 1929 levels in 1934, and 16.0 percent and 10.1 percent, respectively, below the 1929 levels in 1935.

The foregoing facts and considerations demonstrate conclusively that in Massachusetts and Rhode Island there was a marked decline during the period 1929-1933 in (1) the prices received by producers for milk sold wholesale, (2) the purchasing power of such milk, (3) the gross income from milk produced on farms, and (4) the cash income from dairy products sold from farms. Since 1933 income from the dairy enterprise has increased markedly in these two States, but it is still below the 1929 levels.

PART II

The Importance of Dairy Farming as an Agricultural Enterprise in the Area Which Supplies Milk to the Fall River Marketing Area

The importance of milk production as an agricultural enterprise in Massachusetts and Rhode Island is indicated in Table 4.

Milk production is an important agricultural enterprise in the country as a whole. In 1929 the cash income from dairy products sold from farms was 18.0 percent of the cash income from sales of all agricultural products from farms in the United States. The cash income from milk sold from farms is relatively a much larger proportion of total cash income from agricultural production in the States of Massachusetts and Rhode Island than in the United States. In 1935 the cash farm income from milk sold from farms in the States of Massachusetts and Rhode Island represented 37.7 percent and 49.7 percent, respectively, of the total cash farm income from farm production in these States.

Table 2.- Gross income from milk produced on farms in the United States and in specified States which include the Fall River Supply Area, and percentage decline from 1929 in such gross income, 1929-1935.

Year	United States			Massachusetts			Rhode Island		
	Gross income	Percent decline	Gross income	Percent decline	Gross income	Percent decline			
	from	from 1929	from	from 1929	from	from 1929			
	milk production	Percent	milk production	Percent	milk production	Percent			
	1,000 dollars		1,000 dollars		1,000 dollars				
1929	2,322,553	-	29,054	-	4,762	-			
1930	3,030,253	12.6	28,954	.3	4,992	+ 4.8			
1931	1,614,394	30.5	23,392	17.8	4,192	12.0			
1932	1,260,424	45.7	19,310	31.8	3,444	27.7			
1933	1,262,554	45.6	18,538	36.0	3,302	30.7			
1934	1,478,177	36.4	21,010	27.7	3,783	20.6			
1935 1/2	1,680,625	27.6	24,933	14.2	4,298	9.7			

1/ Preliminary.

Compiled from reports of the Bureau of Agricultural Economics, Division of Crop and Livestock Estimates.

TABLE 3.- Cash income from dairy products sold from farms in the United States and in specified states which include the Fall River Supply Area, and percentage decline from 1929 in such cash income, 1929-1935.

Year	United States				Massachusetts				Rhode Island			
	Cash income	Percent decline	Cash income	Percent decline	Cash income	Percent decline	Cash income	Percent decline	Cash income	Percent decline	Cash income	Percent decline
	from dairy	from	from dairy	from	from dairy	from	from dairy	from	from dairy	from	from dairy	from
	products sold	1929	products sold	1929	products sold	1929	products sold	1929	products sold	1929	products sold	1929
	from farms	Percent	from farms	Percent	from farms	Percent	from farms	Percent	from farms	Percent	from farms	Percent
	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent	1,000 dollars	Percent
1929	1,847,235	-	27,004	-	4,500	-						
1930	1,615,363	12.6	26,955	.2	4,719	4.9						
1931	1,278,531	30.8	22,093	18.2	3,960	12.0						
1932	985,099	46.7	18,228	32.5	3,229	28.2						
1933 ^{1/}	988,880	46.5	16,955	37.2	3,099	31.1						
1934 ^{1/}	1,133,520	38.6	18,942	29.9	3,551	21.1						
1935 ^{2/}	1,292,113	30.1	22,684	16.0	4,044	10.1						

^{1/} Includes benefit payments and government purchases.

^{2/} Preliminary

Compiled from reports of the Bureau of Agricultural Economics, Division of Crop and Livestock Estimates

TABLE 4.- Cash income from all farm production and percentage cash income from dairy products was of cash income from all farm production in the United States and specified states which include the Fall River Supply Area, 1929-1935

Year	United States				Massachusetts				Rhode Island			
	Cash income from total farm production	Percent	Cash income from dairy products	Percent	Cash income from total farm production	Percent	Cash income from dairy products	Percent	Cash income from total farm production	Percent	Cash income from dairy products	Percent
1929	10,284,479	18.0	79,193	34.1	9,478	47.5						
1930	7,987,606	20.2	72,934	37.0	9,335	50.6						
1931	5,795,148	22.1	58,732	37.6	7,761	51.0						
1932	4,368,296	22.6	45,827	39.8	5,932	54.4						
1933 ^{1/}	5,402,094	18.3	48,948	34.6	6,570	47.2						
1934 ^{1/}	6,225,161	18.2	51,138	37.0	6,819	52.1						
1935 ^{1/}	7,203,416	17.9	60,113	37.7	8,145	49.7						
^{2/}												

^{1/} Includes benefit payments and government purchases.

^{2/} Preliminary.

Compiled from reports of the Bureau of Agricultural Economics, Division of Crop and Livestock Estimates

The fluid milk supply of Fall River is produced entirely within the Counties of Bristol, Massachusetts, and Bristol and Newport, Rhode Island. According to the census in 1929, 33 percent, 44 percent, and 54 percent of the farms in these counties, respectively, were classified as "dairy farms". The census data are also significant in this connection in that they show that the density of milk production (pounds produced per square mile) is greater in Bristol and Newport counties, Rhode Island, than in any other county in Rhode Island or in Massachusetts, and that density of production in Bristol County, Massachusetts, is the greatest of any county in the State. 5/

Such being the case, activity directed toward the enhancement of prices to producers and financial returns from milk production in the area supplying milk to the Fall River marketing Area is warranted, and necessary, to effectuate the policy of Congress as stated in the Agricultural Marketing Agreement Act of 1937.

PART III

Comparison of the Prices Specified in the Proposed Marketing Agreement and Proposed Order for the Fall River Marketing Area with Prices for Milk Which Would Give Milk the Same Purchasing Power as Obtained in the Base Period in the Fall River Marketing Area

Section 2 of the Agricultural Adjustment Act, as amended by the Agricultural Marketing Agreement Act of 1937, declares the policy of Congress to be:

"(1) Through the exercise of the powers conferred upon the Secretary of Agriculture under this title, to establish and maintain such orderly marketing conditions for agricultural commodities in interstate commerce as will establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period; and, in the case of all commodities for which the base period is the pre-war period, August 1909 to July 1914, will also reflect current interest payments per acre on farm indebtedness secured by real estate and tax payments per acre on farm real estate as contrasted with such interest payments and tax payments during the base period. The base period in the case of all agricultural commodities except tobacco and potatoes shall be the pre-war period, August 1909-July 1914. In the case of tobacco and potatoes, the base period shall be the post-war period, August 1919-July 1929."

5/ Paper No. 2, op. cit. pp. 29-30.

In section 8c of the Agricultural Adjustment Act, as amended by the Agricultural Marketing Agreement Act of 1937, it is provided that:

"(18) The Secretary of Agriculture, prior to prescribing any term in any marketing agreement or order, or amendment thereto, relating to milk or its products, if such term is to fix minimum prices to be paid to producers or associations of producers, or prior to modifying the price fixed in any such term, shall ascertain, in accordance with section 2 and section 8e, the prices that will give such commodities a purchasing power equivalent to their purchasing power during the base period. The level of prices which it is declared to be the policy of Congress to establish in section 2 and section 8e shall, for the purposes of such agreement, order, or amendment, be such level as will reflect the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand, for milk or its products in the marketing area to which the contemplated marketing agreement, order, or amendment relates. Whenever the Secretary finds, upon the basis of the evidence adduced at the hearing required by section 8b or 8c, as the case may be, that the prices that will give such commodities a purchasing power equivalent to their purchasing power during the base period as determined pursuant to section 2 and section 8e are not reasonable in view of the price of feeds, the available supplies of feeds, and other economic conditions which affect market supply and demand for milk and its products in the marketing area to which the contemplated agreement, order, or amendment relates, he shall fix such prices as he finds will reflect such factors, insure a sufficient quantity of pure and wholesome milk, and be in the public interest. Thereafter, as the Secretary finds necessary on account of changed circumstances, he shall, after due notice and opportunity for hearing, make adjustments in such prices."

In section 8e of the Agricultural Marketing Agreement Act of 1937, it is provided that:

"In connection with the making of any marketing agreement or the issuance of any order, if the Secretary finds and proclaims that, as to any commodity specified in such marketing agreement or order, the purchasing power during the base period specified for such commodity in section 2 of this title cannot be satisfactorily determined from available statistics of the Department of Agriculture, the base period, for the purposes of such marketing agreement or order, shall be the post-war period, August 1919-July 1929, or all that portion thereof for which the Secretary finds and proclaims that the purchasing power of such commodity can be satisfactorily determined from available statistics of the Department of Agriculture."

In the case of milk produced for sale in the Fall River marketing area, available statistics in the Department of Agriculture with respect to the August 1909-July 1914 base period are inadequate for the proper

determination of the August 1909-July 1914 base period price for milk. Prices which would give milk sold by producers to handlers in the Fall River Marketing Area the same purchasing power as obtained in the base period have been determined, therefore, from available statistics of the Department of Agriculture with respect to the period August 1923 to July 1929, inclusive. The prices so determined for Class I and Class II milk containing 3.7 percent butterfat, f.o.b. city, are shown in table 5. As of May 1937 the prices which would give milk the same purchasing power as obtained in the base period are as follows: for Class I milk containing 3.7 percent butterfat, as determined for the Fall River Marketing Area, \$3.73 per hundredweight; for Class II milk of the same butterfat content, \$1.62 per hundredweight. Such prices indicate that the prices specified in the proposed marketing agreement and proposed order for the Fall River Marketing Area are slightly less than the prices which would give milk the same purchasing power as obtained in the base period but, as subsequent discussion will demonstrate, are higher than would be paid by handlers were no marketing agreement or order effective in the marketing area. The prices specified, therefore, tend to effectuate the policy stated by Congress in the Agricultural Marketing Agreement Act of 1937, and are feasible in view of the current consumptive demand for milk in the Fall River Marketing Area. Current supply and demand conditions, discussed in the following pages, indicate the economic basis for the minimum prices to producers contained in the proposed marketing agreement and proposed order.

PART IV

The Character of the Commerce in Milk in the Fall River Marketing Area

The Fall River Marketing Area, as defined by the proposed marketing agreement and proposed order, is as follows: The City of Fall River, the towns of Swansea, Somerset and so much of the town of Westport as lies west of the line running midway between Drift and Pine Hill Roads, all in the State of Massachusetts; and the towns of Portsmouth, Tiverton, and Little Compton, all in the State of Rhode Island. The population of the City of Fall River and these towns, according to the 1930 census, totalled 137,950, distributed as follows:

Fall River	115,274
Swansea	3,941
Somerset	5,398
Westport	4,408 ^{6/}
Little Compton	1,382
Tiverton	4,578
Portsmouth	2,969

^{6/} Only part of the population of Westport resides in the proposed marketing area.

TABLE 5.- FALL RIVER, MASS.: Index of prices paid by farmers for commodities bought, price per hundredweight of 3.7% milk, f.o.b. city, and parity prices; average August 1923-July 1929, by years 1930-1936, and by months 1937

(Base declared by the Secretary April 15, 1936)

Year and month	: Index of prices : paid by farmers : for commodities : bought	: Prices per hundredweight of 3.7% milk, f.o.b. City			
		: Class I 1/		: Class II 2/	
		: Prices	: Parity	: Prices	: Parity
		: paid 3/	: price	: paid 3/	: price
August 1923.	Percent	: Dollars	: Dollars	: Dollars	: Dollars
July 1929	100.0	: 4.28 4/	:	: 1.36 5/	:
1930	: 94.2	: :	: 4.03	: :	: 1.75
1931	: 80.6	: :	: 3.45	: :	: 1.50
1932	: 69.5	: :	: 2.97	: :	: 1.29
1933	: 70.8	: :	: 3.03	: :	: 1.32
1934	: 79.9	: 3.19 6/	: 3.42	: 1.23 6/	: 1.49
1935	: 81.2	: 3.40	: 3.48	: 1.43	: 1.51
1936	: 80.6	: 3.37	: 3.45	: 1.34	: 1.50
1937	:	:	:	:	:
January	: 84.5	: 3.66	: 3.62	: 1.65	: 1.57
February	: 85.8	: 3.66	: 3.67	: 1.65	: 1.60
March	: 85.8	: 3.66	: 3.67	: 1.67	: 1.60
April	: 87.1	: 3.66	: 3.73	: 1.607	: 1.62
May	: 87.1	: 3.66	: 3.73	: 1.628	: 1.62
:	:	:	:	:	:

1/ Class I means all milk used for consumption as whole milk, chocolate milk or flavored milk.

2/ Class II means all milk in excess of Class I.

3/ Compiled from reports of the Market Administrator.

4/ Calculated by adjusting Boston surplus prices for freight cost to Fall River and weighting for percentage of total milk supply in Class II. The Class I price was calculated by relating the balance of the milk to the flat prices supplied by the N.M.M.P.A.

5/ Calculated by adding 6 cents to the Boston 200 mile zone surplus price.

6/ Average April-December 1934.

More than 125 thousand of the total population of the proposed marketing area (or approximately 93 percent) reside in Massachusetts.

The proposed marketing area is the City of Fall River and contiguous urban areas which are served predominantly by dealers located in Fall River. Milk distribution by these dealers extends beyond the boundaries indicated, but such territory usually is served also by dealers from other areas. For example, dealers in Fall River supply milk to certain customers in that part of the town of Westport lying east of the boundary line indicated in the above description of the proposed marketing area, and dealers from New Bedford likewise supply certain customers in that part of Westport which is located within the proposed marketing area. ^{7/} On the south, the Fall River area borders the Newport Area, and on the west and northwest it is bordered by the area supplied by dealers located in Providence, Rhode Island. The area described constitutes one market by reason of the fact that it is supplied by the same groups of producers and handlers and the same supply and demand factors are operative throughout the area.

Table 12 in Part V of an earlier brief prepared for the Fall River Marketing Area shows the density of population per square mile of the various towns and cities in the marketing area. ^{8/} Only two, the town of Westport, Massachusetts, and the town of Little Compton, Rhode Island, have population densities of less than 100 per square mile, i.e., 83.2 and 61.4, respectively.

In the paper just cited it was found that "milk distributed throughout the area meets practically the same sanitary requirements. A thorough system of State regulation and inspection was developed in Rhode Island before the establishment of such a system by the Commonwealth of Massachusetts. Both the Massachusetts system of inspection and that performed by the City of Fall River are similar to that in Rhode Island. ^{9/} Farm inspection requirements being very similar, such differences as may exist with respect to sanitation requirements applied to distribution in different parts of the marketing area are not significant to such a degree as would give any portion of the area its own peculiar supply and demand factors and thus cause it to be unaffected directly by supply and demand conditions in the rest of the area. For example, the Fall River Board of Health requires that all pasteurized milk contain not more than 25,000 bacteria per c.c. when delivered, whereas the Massachusetts law permits 40,000 bacteria per c.c. But this difference is minimized when it is considered that the Rhode Island law establishes a limit of 25,000 bacteria per c.c. Moreover, competition within such a small area tends to make the strictest legal standards applicable in any portion of the area the standard of the entire area.

"The milk supply, being generally of similar quality, moves freely from one part of the area to another. All handlers in the market, excepting certain producer-handlers distributing only a small percentage of the

^{7/} See A.A.A. Docket No. 29, p. 109 (Hearing held Aug. 22-23, 1933, on Proposed Marketing Agreement for Southeastern New England Markets).

^{8/} Paper No. 2, op. cit., p. 24.

^{9/} A.A.A. Docket No. 29, p. 226, testimony of W.D. Nichols, formerly employed as Chief Milk Inspector by the State of Rhode Island.

total volume of milk distributed in the market, have located their plants in the City of Fall River. Moreover, any producer-handler who sells milk in the city must, if he establishes a new plant, locate such plant in the city. ^{10/} This situation necessitates that most of the milk distributed in that part of the marketing area outside of Fall River be brought into the city before it is distributed."

The facts and considerations noted above hold true at the present time.

Table 6 shows the respective quantities of milk purchased by handlers in Fall River from producers in Massachusetts and Rhode Island, and the percentage of total milk receipts of handlers in Fall River supplied by producers in each State, by months, April 1934 to June 1936, inclusive. This table shows that approximately 55 percent of the total milk receipts of handlers in the Fall River Marketing Area is supplied by producers located in Massachusetts and approximately 45 percent by producers located in Rhode Island.

Table 7 shows the net Class I and Class II sales of milk by handlers reporting to the Market Administrator in the Fall River market, by States of origin, April 1934-June 1936, inclusive.

The 38 handlers who distributed milk in the Fall River Marketing Area during the period July 1935-June 1936 may be classified under five types, according to place of business and the sources of their milk supply, by States, as follows: ^{11/}

- Type I Handlers located in Massachusetts purchasing milk from producers in Massachusetts only.
- Type II Handlers located in Massachusetts purchasing milk from producers in Rhode Island only.
- Type III Handlers located in Massachusetts purchasing milk from producers in both Massachusetts and Rhode Island.
- Type IV Handlers located in Rhode Island purchasing milk from producers in Rhode Island only.
- Type V Handlers located in Rhode Island purchasing milk from producers in both Rhode Island and Massachusetts.

Handlers of the first type purchased 7,352,160 pounds of milk from producers. This quantity represented 43.0 percent of all milk purchased

^{10/} Information supplied by the Market Administrator, License No. 48.

^{11/} For a discussion of sources of milk supply by States, by type of handler for the period April 1934-June 1935, see Paper No. 2., op. cit., pp. 10-11.

TABLE 6.- Total purchases of milk from producers by handlers in the Fall River Marketing Area, by States of origin, April 1934-June 1936, inclusive

Year and month	Milk purchased					
	Massachusetts		Rhode Island		Total	
	Pounds	Percent	Pounds	Percent	Pounds	Percent
		of total		of total		
1934						
April	1,251,126	54.2	1,057,779	45.8	2,308,905	100
May	1,395,765	52.4	1,267,219	47.6	2,662,984	100
June	1,355,895	52.7	1,216,351	47.3	2,572,246	100
July	1,393,720	53.6	1,204,871	46.4	2,598,591	100
August	1,433,246	54.0	1,222,867	46.0	2,656,113	100
September	1,317,392	53.7	1,137,199	46.3	2,454,591	100
October	1,360,736	55.5	1,091,035	44.5	2,451,771	100
November	1,285,205	56.5	990,681	43.5	2,275,886	100
December	1,333,112	56.6	1,021,160	43.4	2,354,272	100
1935						
January	1,378,668	56.7	1,054,901	43.3	2,433,569	100
February	1,217,375	56.1	953,094	43.9	2,170,469	100
March	1,379,023	55.0	1,129,268	45.0	2,508,291	100
April	1,379,037	54.9	1,131,866	45.1	2,510,903	100
May	1,510,191	53.7	1,302,740	46.3	2,812,931	100
June	1,472,507	53.9	1,258,876	46.1	2,731,383	100
July	1,418,072	54.2	1,199,459	45.8	2,617,531	100
August	1,427,741	54.7	1,181,864	45.3	2,609,605	100
September	1,355,834	54.7	1,122,417	45.3	2,478,251	100
October	1,379,414	55.1	1,125,682	44.9	2,505,096	100
November	1,323,946	57.0	999,927	43.0	2,323,873	100
December	1,407,930	57.5	1,040,727	42.5	2,448,657	100
1936						
January	1,434,817	57.3	1,068,412	42.7	2,503,229	100
February	1,364,623	57.1	1,024,200	42.9	2,388,823	100
March	1,504,370	57.4	1,117,899	42.6	2,622,269	100
April	1,465,424	57.2	1,094,700	42.8	2,560,124	100
May	1,529,666	55.0	1,252,957	45.0	2,782,623	100
June	1,492,223	54.2	1,263,248	45.8	2,755,471	100
Total	37,567,058	55.2	30,531,399	44.8	68,098,457	100

Compiled from reports of the Market Administrator,
License No. 48, and Order No. 5.

TABLE 7.- FALL RIVER, MASS.: Net Class I and Class II sales of milk, reported by handlers by months, by States of origin, April 1934-June 1936

Year and month	Massachusetts		Rhode Island	
	Class I	Class II	Class I	Class II
	Pounds	Pounds	Pounds	Pounds
<u>1934</u>				
April	1,223,112	28,014	925,148	132,631
May	1,356,677	39,088	1,051,618	215,601
June	1,328,221	27,674	1,032,077	184,274
July	1,367,647	26,073	1,038,933	165,938
August	1,380,337	52,909	1,045,616	177,251
September	1,268,588	48,804	853,368	203,831
October	1,303,685	57,051	830,154	260,881
November	1,268,278	16,927	877,990	112,691
December	1,303,208	29,904	812,062	209,098
Total	11,799,753	326,444	8,466,966	1,742,196
<u>1935</u>				
January	1,333,887	44,781	795,998	258,903
February	1,175,961	41,414	704,996	248,098
March	1,342,405	36,618	814,056	315,212
April	1,321,213	57,824	850,593	281,273
May	1,380,960	129,231	828,590	474,150
June	1,342,645	129,862	807,400	451,476
July	1,313,206	104,866	925,251	274,208
August	1,314,958	112,783	945,307	236,557
September	1,248,424	107,410	884,705	237,712
October	1,280,722	98,692	983,888	141,794
November	1,267,503	56,443	920,471	79,456
December	1,312,932	94,998	931,192	109,535
Total	15,634,816	1,014,922	10,398,447	3,108,374
<u>1936</u>				
January	1,340,636	88,714	901,008	172,871
February	1,245,115	113,033	881,999	148,676
March	1,369,179	135,191	931,733	186,166
April	1,314,191	151,233	873,161	221,539
May	1,332,337	196,829	875,703	377,254
June	1,324,863	167,360	845,200	418,048
Total	7,926,821	852,360	5,308,804	1,524,554

Compiled from the annual report of the Market Administrator,
License No. 48.

from producers in Massachusetts by all handlers and 24.0 percent of all milk purchased from all producers by all handlers. (See Table 8.)

Type II handlers purchased 576,408 pounds of milk from producers. This quantity represents 4.3 percent of the total amount of milk purchased from producers in Rhode Island and 1.9 percent of the total quantity of milk purchased from producers by all handlers. (See Table 8.)

Handlers of the third type purchased 21,630,323 pounds of milk, which represented 70.7 percent of all milk purchased from all producers by all handlers. These handlers purchased 9,531,166 pounds of milk from Massachusetts producers, which was 55.7 percent of the total purchases from Massachusetts producers and 31.2 percent of all milk purchased from all producers. They also purchased 12,099,157 pounds from Rhode Island producers, which amounted to 89.7 percent of all milk purchased from Rhode Island producers and 39.5 percent of the total volume of milk purchased from all producers by all handlers. (See Table 8.)

Handlers of the fourth type purchased 770,297 pounds of milk from producers. This quantity represents 5.7 percent of the total amount of milk purchased from producers in Rhode Island and 2.5 percent of the total quantity of milk purchased from producers by all handlers. (See Table 8.)

Finally, handlers of the fifth type purchased 266,364 pounds of milk from producers. This quantity of milk represents 0.9 percent of the total milk purchased from all producers by all handlers. Of this quantity, 220,734 pounds were purchased from Massachusetts producers, amounting to 1.3 percent of all milk purchased from Massachusetts producers by all handlers and 0.7 percent of all milk purchased by handlers from all producers. Handlers in this classification purchased also 45,630 pounds from Rhode Island producers, which quantity was 0.3 percent of total purchases by handlers from producers in Rhode Island and 0.2 percent of all milk purchased from producers by all handlers. (See Table 8.)

Section 8c (1) of the Agricultural Adjustment Act, as amended, and as re-enacted by the Agricultural Marketing Agreement Act of 1937, provides that: "The Secretary of Agriculture shall, subject to the provisions of this section, issue, and from time to time amend, orders applicable to processors, associations of producers, and others engaged in the handling of any agricultural commodity or product thereof specified in subsection (2) of this section. Such persons are referred to in this title as 'handlers'. Such orders shall regulate, in the manner hereinafter in this section provided, only such handling of such agricultural commodity, or product thereof, as is in the current of interstate or foreign commerce, or which directly burdens, obstructs, or affects interstate or foreign commerce in such commodity or product thereof."

It has been shown that the Class I and Class II prices provided by the proposed agreement and proposed order for the Fall River Marketing

TABLE 8.--FALL RIVER, MASS.: Total purchases from producers by States, July 1935-June 1936, by handlers in the marketing area, according to place of business and source of supply from producers

Type of handler ^{1/}	Massachusetts				Rhode Island				Total			
	Volume		Percent of		Volume		Percent of		Volume		Percent: Number	
	Pounds		All milk	: All milk	Pounds		All milk	: All milk	Pounds		: of all:	of
Type I	7,352,160	43.0	: purchased in Mass.	: milk purchased in R. I.	7,352,160		: purchased in R. I.	: milk purchased in R. I.	7,352,160		: milk	: handlers
Type II					576,408	4.3		1.9	576,408			
Type III	9,531,166	55.7			12,099,157	89.7		39.5	21,630,323			
Type IV					770,297	5.7		2.5	770,297			
Type V	220,734	1.3			45,630	.3		.2	266,364			
Total	17,104,060	100.0	55.9		13,491,492	100.0		44.1	30,595,552		100.0	38

^{1/} See text for definition of type of handler.

Compiled from the annual report of the Market Administrator

Area are slightly less than the prices which would give milk the same purchasing power as obtained in the base period. The prices provided are higher, however, than would be paid producers if the order now in effect were discontinued and no marketing agreement or order made effective.

Nearly half of the milk supply of the Fall River Marketing Area originates in Rhode Island. Much of this milk is mingled in handlers' plants with milk shipped to the market from Massachusetts farms. Some of the handlers whose plants are located in Massachusetts sell some of their milk to consumers located in Rhode Island. In any case, the milk that does not move across state lines is in constant competition with milk which originates in another state. Such being the case, it follows that such milk must be regulated in the same fashion as the milk which moves across state lines if the policy of Congress as stated in the Agricultural Marketing Agreement Act of 1937 is to be effectuated. It has been pointed out that the proposed marketing agreement and proposed order, if put into effect, will stabilize the market structure and maintain higher returns to producers than would otherwise be the case. This is especially the case under the marketing plan contained in the proposed marketing agreement and order, according to which each producer supplying the market receives a lower price for his share of the milk in excess of the actual fluid milk sales by handlers in the market. Handlers buying milk in Massachusetts only could pay the same price paid by handlers complying with the agreement and order (which would be a combination of the fluid milk and excess milk price) yet sell practically all of their milk as fluid milk. The gains to be made by this method of purchase, i.e., flat price buying, on the part of handlers selling a large proportion of their milk as fluid milk have been adequately determined by the Federal Trade Commission in its recent investigations of several fluid milk markets.

"As previously pointed out, the flat-price buyer who usually sells milk only for consumption as fluid milk, will offer to purchase from producers at a price which is a trifle higher than the prevailing blended prices they are receiving from other dealers purchasing on a utilization basis. As he disposes of nearly all his milk in fluid form as Class I, he profits by the fact that, although he buys at only slightly higher than the blended price paid by other distributors on a utilization basis for Classes I, II, and III, he sells nearly all which he purchases at the high Class I price It should be understood, however, that if the flat-price buyer paid the farmers on the basis of his utilization, which is practically all Class I, he would have to pay a much higher price than that which he actually does pay One of the important effects of this practice is that the ability to purchase milk at the relatively low blended prices being paid by other distributors puts the flat-price buyer in a very advantageous position to cut prices on milk to the wholesale and

retail trade." 12/

It should be noted that there can be little objection to some handlers selling milk at prices lower than those at which other handlers sell their milk, provided such lower prices are due to efficiency of operation. However, when such practices are due to the fact that some handlers are, by virtue of the market structure, able to secure milk at lower prices than other handlers who purchase on the basis of the prevailing price structure, conditions in the market become chaotic, and inimical to the best interest of producers and consumers. This is due to the fact that such practices frequently disrupt orderly marketing processes, leading to unstabilized marketing conditions which are not conducive to the proper functioning of the market.

Obviously, the competition between milk from different sources would bring about the results set forth above. Neither the handlers in the Fall River Marketing Area or the producers cooperative association have in the past differentiated between milk shipped from Rhode Island or Massachusetts.

In view of the foregoing, it should be obvious that most of the milk handled in the Fall River Marketing Area actually moves across state lines, or is directly mingled with milk which so moves, and that, in order that the policy of Congress as stated in the Agricultural Marketing Agreement Act of 1937 be effectuated, the handling of all other milk in the marketing area must be regulated.

12/ Federal Trade Commission, House Document No. 152, 74th Congress, 1st Session.

PART V

The Price Structure Provided by the Proposed Marketing
Agreement and Proposed Order for the Fall River,
Massachusetts, Marketing Area

The price structure provided by the proposed marketing agreement and proposed order relative to milk produced for sale in the Fall River Marketing Area would result in approximately the same total returns as those now prevailing in the market. The following discussion sets forth certain facts concerning classification of sales and uses of milk, and supply and demand conditions. The proposed classification and price schedule appear reasonable in relation to these facts.

A. Use classification

The two classes of milk provided by the proposed agreement and order are defined in the same manner as in License No. 48 and Order No. 5, effective in the Fall River market since April 1, 1934, and May 1, 1936, respectively. This classification, as defined, is in conformity with both custom in the market and sound milk marketing practice.

Prior to the effectuation of License No. 48 and Order No. 5, most dealers were paying producers according to a base and surplus plan with individual-dealer pools. Testimony presented at a hearing relative to a proposed milk marketing agreement for four Southeastern New England markets (Providence, Fall River, New Bedford, and Newport), held in Washington, D. C., August 22-23, 1933, 13/ indicates that considerable progress already had been made toward the establishment of an organized marketing system. The Fall River Milk Producers' Association, in cooperation with the Fall River Milk Dealers' Association, had made plans for a market "audit" in order that producers might be assured that they were being paid fluid milk prices and surplus 14/ prices for the proper quantities of milk. A system of base rating had been introduced by a small number of dealers several years earlier, but no general plan of allotting bases to new producers had been developed.

The Fall River production area is a deficit production area, insufficient milk being produced to supply all the fluid milk and fluid cream requirements of the marketing area. Consequently, the fluid cream supply from local producers must be supplemented by supplies originating in surplus cream producing areas. The actual channel through which such supplies are secured is usually the Boston cream market.

13/ A.A.A. Docket No. 29, p. 96 ff.

14/ "Surplus" in the sense of being in excess of fluid milk requirements.

The proposed marketing agreement and proposed order define as Class I Milk all milk sold or distributed as milk, chocolate milk or flavored milk drinks and as Class II milk all milk specifically accounted for (a) as being sold, distributed or disposed of other than as milk, chocolate milk, or flavored milk drinks and (b) as actual plant shrinkage within reasonable limits. The inclusion of chocolate milk and flavored milk in Class I is prompted by the consideration that such products are essentially in the same category as fluid milk. Such products cannot be made solely from cream nor solely from skim milk; the milk from which such products are manufactured must be brought to the market as fluid milk; they are merchandized in the same manner as fluid milk; and they must meet the same requirements as to sanitation as in the case of fluid milk.

The Fall River milk production area, being a deficit area, does not produce milk to any significant extent for manufacturing purposes, so that most of the milk produced for sale in the Fall River Marketing Area is utilized either as fluid milk or fluid cream. There is no reason, therefore, for classifying milk into more than two classes for purposes of making payment to producers. 15/

As far as the classified price plan is concerned, it should be noted that this method of pricing milk to milk handlers has come to be the ruling method of selling milk to handlers in many milk markets during the last three decades. It is largely a function of the evolution of milk markets from the unorganized stage where producers each bargained for milk prices individually with handlers to one where cooperative associations of producers negotiate the terms and conditions of the sale of milk to handlers.

The most important service rendered producer-members by cooperatives organized largely for price-bargaining purposes is that of negotiating the terms and conditions of sale of milk to distributors. (Such cooperatives are usually termed "bargaining cooperatives".) Such associations usually agree to sell the milk of the member and return to him the proceeds of such sale, subject to certain deductions for covering the operating expense of the cooperatives. Thus the cooperative stands in the position of being the sole sales agent of a large number of producers. While the production of milk is carried on by large numbers of individuals, the output of such individual producers being very small relative to the total output of milk in the market, the sale of such milk is handled as a unit. Under such conditions, the sale of milk becomes largely a collective action and there arises the need for the formulation of sales and price policies.

The development of the classified price plan by cooperatives was slow and gradual. At first, the cooperatives attempted to bargain with handlers for flat prices for all milk. They appear to have been successful for a time in securing flat prices which they considered satisfactory, but in the depression following the World War, they found that handlers

15/ Adapted from Paper No. 2, op. cit.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. This section also outlines the various methods used to collect and analyze data, ensuring that the information is reliable and up-to-date.

2. The second part of the document focuses on the implementation of the proposed changes. It details the steps involved in the transition process, from the initial planning stage to the final execution. This section highlights the challenges faced during the implementation and provides solutions to overcome them. It also discusses the role of the management team in ensuring a smooth transition.

3. The third part of the document addresses the financial aspects of the project. It provides a detailed breakdown of the costs involved, including personnel, materials, and overheads. This section also includes a comparison of the expected costs with the actual costs, allowing for a clear assessment of the project's financial performance. The document concludes with a summary of the key findings and recommendations for future projects.

would not pay flat prices sufficiently remunerative to producers. 16/
One writer puts the matter thus:

"Quite naturally, the flat-price plan was first used because farmers were not familiar with the conditions of the market. It was when distributors began asking for a lower price because of large amounts of surplus that producers saw the equity of a use price basis

"There seems to be no reason why milk should be bought on a flat basis." 17/

One of the most fundamental difficulties in pricing milk to handlers on a flat-price basis arises because of the fact that handlers tend to vary widely relative to the proportions of milk sold by them in different classes. Thus, if flat prices were to be secured for all milk that were high enough to be sufficiently remunerative to producers to insure an adequate supply, those handlers who sell most of the milk they receive as fluid milk would have an advantage, and those who manufacture much of the milk they receive into other dairy products would be placed at a disadvantage.

Metzger states that "With the coming of the cooperative association to represent the producers, the distributor continued to use the same argument for lower prices that he had used for years: That there was so much surplus he could not profitably dispose of the milk unless the buying price was low. In many markets it was felt that this was often used as an argument to place prices lower than they should be. It was proposed that the distributor show the producers exactly the quantity he sold for different uses, and that a basis of payment be arranged according to the quantities of milk sold in each of these classes. The plan is usually known as the "Classification" plan and sometimes as the "Use" plan.

In an effort to overcome some of the difficulties of flat-price buying, cooperatives developed a system of pricing milk to handlers according to the form in which it was sold by handlers. Thus, in many milk markets, especially the larger ones, handlers purchase their milk largely on the basis of a classified price plan, paying different prices for milk according the form in which they sell it. Apparently the plan was first used on an extensive scale in Boston, Massachusetts, Washington, D. C., and Philadelphia, Pennsylvania, about 1918. Since that time the plan has been put into operation in a larger number of milk markets, and

16/ Bartlett, R. W., Cooperation in Marketing Dairy Products, Chapter I, pp. 11-12.

17/ Horner, J. T., "A Comparative Study of Various Fluid Milk Marketing Plans," American Cooperation, 1926, Volume II.

18/ Metzger, Hutzol, Cooperative Marketing of Fluid Milk, Technical Bulletin No. 179, United States Department of Agriculture.

has been found to be a sound and practical plan for selling milk to handlers.

As was noted in the foregoing pages, the class price plan provided for in the proposed marketing agreement and proposed order is in conformance with market practice in the Fall River Marketing Area and appears to be adequately justified by market conditions.

B. Minimum prices to producers provided by the proposed marketing agreement and proposed order.

The proposed agreement and proposed order provides for minimum prices which handlers are required to pay for Class I and Class II milk, as follows:

Class I milk, \$3.66 per hundredweight.

Class II milk, per hundredweight: Divide the price per can of bottling quality cream at Boston by 33 (the number of pounds of butterfat per can); and multiply the result by 3.7 (pounds of butterfat per hundredweight of milk).

C. Price history of the Fall River market.

1. Farm Price of milk sold wholesale.

The average annual farm prices per hundredweight of milk sold wholesale in the States of Massachusetts and Rhode Island for the period 1910 to 1936, inclusive, are shown in table 9 and figure 1. During this period these prices reached a high point of \$4.52 and \$4.30 per hundredweight in 1920 in Massachusetts and Rhode Island, respectively. During the depression of 1921 and 1922 these prices declined materially. Beginning in 1925, farm prices of milk sold wholesale again resumed an upward trend, reaching a peak in 1929 of \$3.40 and \$3.58 in Massachusetts and Rhode Island, respectively. With the advent of the depression in 1929 and 1930 these prices again declined drastically, reaching \$2.15 per hundredweight in 1933 in Massachusetts, the lowest price the farm price of milk sold wholesale has reached in that State during the 27-year period, 1910-1936. The low point in the price of milk sold wholesale in Rhode Island was in 1932, when farmers received an average of \$2.14 per hundredweight for their milk. Only one year during the period 1910-1936 has the farm price of milk sold wholesale in Rhode Island reached a lower point than in 1932. That point was reached in 1914 when the average farm price of milk sold wholesale in Rhode Island was \$2.07 per hundredweight. During the last three years these prices have increased somewhat, but are still materially below the 1929 level.

Table 9 - FALL RIVER, MASS. - Prices per hundredweight received
by producers for all milk sold wholesale in Massachusetts,
Rhode Island and United States, 1910 - 1936

Year	Massachusetts	Rhode Island	United States
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
1910	2.46	2.23	1.61
1911	2.42	2.15	1.55
1912	2.45	2.15	1.62
1913	2.56	2.20	1.64
1914	2.51	2.07	1.63
1915	2.50	2.14	1.61
1916	2.51	2.19	1.76
1917	2.88	2.71	2.42
1918	3.98	3.60	3.04
1919	4.50	3.88	3.33
1920	4.52	4.30	3.24
1921	3.82	3.72	2.33
1922	3.16	3.18	2.13
1923	3.40	3.28	2.50
1924	3.16	2.95	2.25
1925	3.11	3.20	2.39
1926	3.22	3.33	2.41
1927	3.17	3.30	2.53
1928	3.30	3.55	2.55
1929	3.40	3.58	2.55
1930	3.39	3.31	2.23
1931	2.82	2.36	1.70
1932	2.30	2.14	1.28
1933	2.15	2.33	1.31
1934	2.44	2.65	1.55
1935	2.79	2.78	1.72
1936	2.87	2.84	1.89

Compiled from reports of the Bureau of Agricultural Economics.

1. The first part of the report is a general introduction to the subject of the study. It discusses the importance of the problem and the objectives of the research.

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1911	22:45
1911	23:00
1911	23:15
1911	23:30
1911	23:45
1911	24:00

The second part of the report is a detailed description of the methods used in the study. It includes a discussion of the experimental design, the data collection procedures, and the statistical analysis.

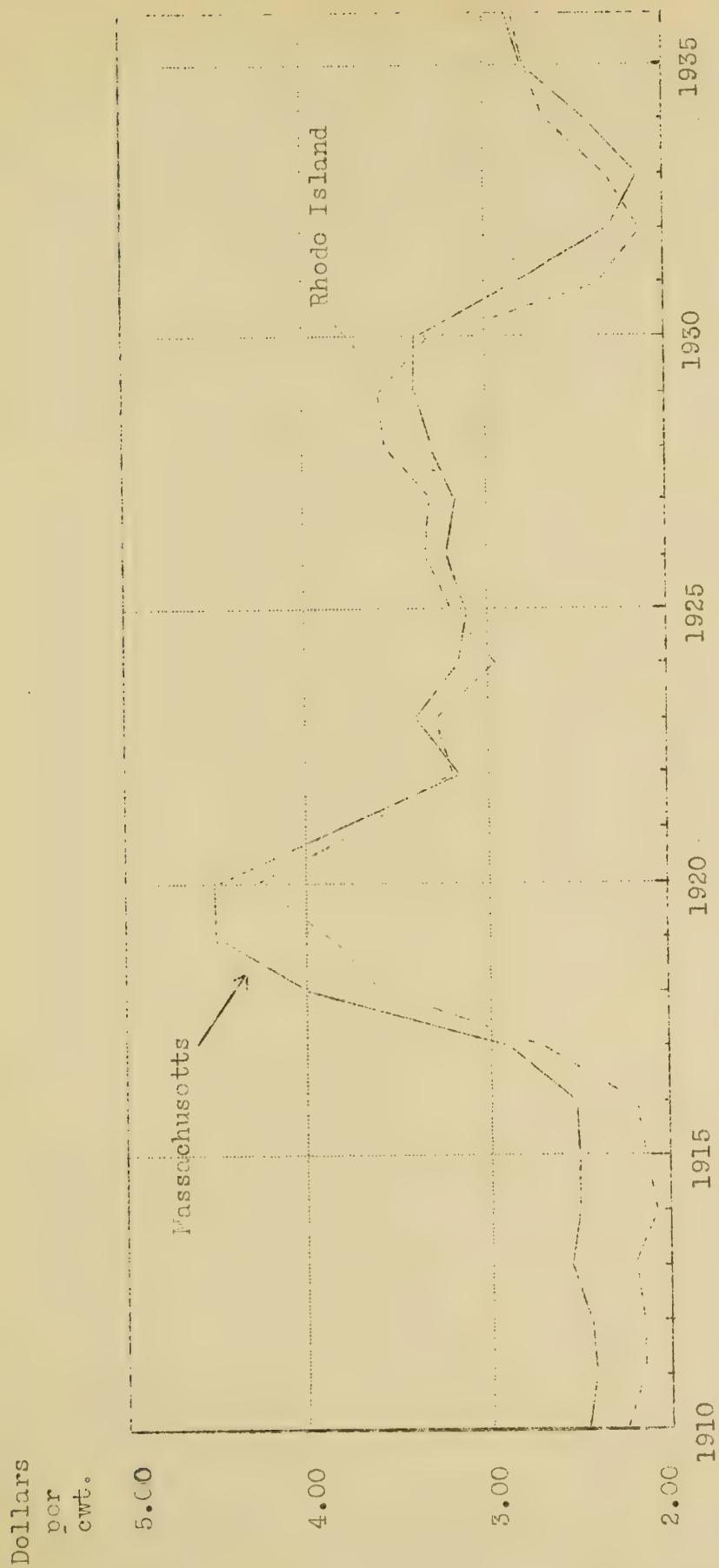


Figure 1.- Prices received by farmers for whole milk sold wholesale, per hundredweight, in Massachusetts and Rhode Island, 1910 - 1936

2. Milk dealers buying prices of milk used for city consumption.

Prices paid by dealers for milk used for city consumption (Class I milk) testing 3.7 percent butterfat, in the Fall River market (f.o.b. city) by months, January 1922 to May 1937 are shown in table 10. The prices in this table prior to April 1934 represent a price series prepared by the New England Milk Producers' Association as the price paid by handlers in Fall River for milk used for fluid milk purposes. Since dealers were not buying milk on a strict use-classification plan prior to April 1934, it is probable that these prices represent the prices paid by handlers for "basic" milk. Milk License No. 48 became effective April 1, 1934 and from April 1, 1934 to December 16, 1936 the prices in table 10 represent the Class I price which handlers were required to pay for milk purchased from producers as provided in License No. 48 and Order No. 5. From December 15, 1936 through May 1937, the prices in table 10 represent the price paid by handlers for milk purchased from producers as set forth in an agreement between the handlers and the Producers' Association.

The Class I price provided by License No. 48, when that License first became effective, April 1, 1934, was \$3.0225 per hundredweight. This was a continuation of the price theretofore being paid, except that the License did not permit a 10-cent per hundredweight "station charge" on base milk which dealers had deducted. ^{19/} By the issuance of an amended License, effective September 1, 1934, the Class I price was increased to \$3.40 per hundredweight. The Class I price remained at \$3.40 per hundredweight until May 1, 1936, it being reduced to \$3.35 per hundredweight when Order No. 5 became effective. On December 16, 1936, the Class I price was increased to \$3.66 per hundredweight by agreement between the producers' association and the handlers operating in the Fall River Marketing Area. The \$3.66 Class I price has remained in effect up to the present time, and it is the price for Class I milk provided for in this proposed Marketing Agreement and Proposed Order.

3. "Surplus" milk prices. ^{20/}

The lack of officially reported "surplus" or Class II milk prices and the fact that few dealers paid on this basis for any considerable length of time prior to the effectuation of License No. 48 necessitates that consideration of this topic be limited to information presented at the hearing relative to a proposed milk marketing agreement for the Southeastern New England markets (including Fall River) held August 22-23, 1933. The Producers and Distributors Schedule, presented by the producers' association in connection with the record of the hearing ^{21/}, indicates that producers were being paid approximately \$.93 per hundredweight for Class II milk. A similar schedule submitted by the Fall River

^{19/} See "Milk Producers' and Distributors' Schedule" filed by Fall River Milk Producers' Association, A.A.A. Docket No. 29, and by Fall River Milk Dealers' Association, *ibid*.

^{20/} The information relative to the history of "surplus" prices was adapted from Paper No. 2, Series on Marketing Agreements and Orders *op. cit*.

^{21/} A.A.A. Docket No. 29.

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Table 10 - FALL RIVER, MASSACHUSETTS: Fluid milk price. Price per hundredweight
of milk to producers, delivered f.o.b. market. 1

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Average
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1922	4.19	3.72	3.72	3.49	3.49	3.49	3.49	3.49	3.49	3.49	3.95	3.95	3.66
1923	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	3.95	4.20	4.30	4.00
1924	4.30	3.98	3.26	3.49	3.49	3.49	3.49	3.72	3.95	3.95	3.95	3.95	3.75
1925	3.95	3.95	3.95	3.49	3.49	3.49	3.95	3.95	3.95	3.95	3.95	3.95	3.84
1926	3.95	3.95	3.95	3.95	3.95	3.49	3.95	3.95	3.95	3.95	3.95	4.19	3.93
1927	3.72	3.72	3.72	3.72	3.72	3.72	3.84	4.19	4.19	4.19	4.19	4.19	3.93
1928	4.19	4.19	4.19	4.19	3.72	3.72	3.87	4.19	4.19	4.19	4.19	4.19	4.09
1929	4.19	4.19	4.19	4.19	4.19	3.95	4.19	4.19	4.19	4.19	4.19	4.19	4.17
1930	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	4.19	3.81	4.16
1931	3.72	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.26	3.17	3.29
1932	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02
1933	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	3.02	2.92	2.92	3.00
1934	2.92	2.92	2.92	3.02	3.02	3.02	3.02	3.02	3.02	3.40	3.40	3.40	3.09
1935	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40
1936	3.40	3.40	3.40	3.40	3.40	3.35	3.35	3.35	3.35	3.35	3.35	3.50	3.38
1937	3.66	3.66	3.66	3.66	3.66								

1 Jan. 1922-Apr. 1, 1934 Compiled from reports supplied by W. H. Bronson, New England Milk Producers' Assn.
Apr. 1, 1934-Dec. 15, 1936 - Class I price provided in License No. 48 and Order No. 5.
Dec. 16, 1936-May 1937 - Class I price agreed upon between Fall River Milk Producers' Association and
handlers in the Fall River Market

Milk Dealers' Association stated that the price being paid for Class II milk was \$1.05 per hundredweight. The difference would appear to arise from the fact that the former was an f.o.b. farm price while the latter probably represented the average f.o.b. city price.

The Class II price provided in the license which became effective April 1, 1934, was 3.7 times the price per pound of 92-score butter at Boston plus 30 percent. On May 1 the Class II price was reduced to 3.7 times the price per pound of 92-score butter at Boston plus 10 percent, plus 8-1/2 cents, in order to bring Class II prices in line with prices paid in the marketing area for cream secured from other sources. In the amended license which became effective September 1, 1934, the formula for determining the Class II price was altered to conform with the Class II price in Boston. This formula, 22/ based on the price of butterfat in cream of bottling quality, resulted at the time in a slight increase in the Class II price over that provided in the previous amendment. This same method of determining the Class II price was set forth in Order No. 5, effective May 1, 1936. Table II shows the Class I, Class II, base milk, and weighted average prices by delivery periods which have been paid pursuant to the provisions of License No. 48 and Order No. 5.

The result of the Class II price set forth in Order No. 5 has been to keep the price of butterfat in locally produced milk which is used for cream in a closer relationship with the price of butterfat in cream purchased from outside the local production area than probably was the case before the order became effective. For example, at the time the above "Class II" milk prices were quoted by the Fall River Milk Producers' Association and the Fall River Milk Dealers' Association (September 1, 1933), the price of "outside" cream was said to be \$13.25 per can.23/ This price amounted to approximately 40 cents per pound butterfat as compared to 25 cents per pound butterfat received by producers for Class II milk, if the Producers' Association figures are accepted, or 28 cents, if the Dealers' Association figures are accepted.

4. Butterfat differential.

The allowance paid or deducted by handlers for each 1/10 of one percent butterfat content above or below 3.7 percent butterfat on all milk is determined by dividing the weighted average price per forty-quart can of bottling quality cream in the Boston Market, as reported by the United States Department of Agriculture for each delivery period, by 330. This places the value of butterfat in milk delivered by producers which is above or below 3.7 percent butterfat on a direct ratio to the value of butterfat in Class II milk. Table 12 shows the allowance per 1/10 of one percent butterfat per hundred weight paid to

22/ The price per can of bottling quality cream at Boston divided by 33, times 3.7, less 11-1/2 cents.

23/ Milk Producers' and Distributors' Schedules, A.A.A. Locket No. 29.

Table 11.- FALL RIVER, MASSACHUSETTS: Prices paid by handlers for 3.7 percent milk per hundredweight delivered at each handler's plant, by classes, prices for outside area milk, prices paid to producers for base milk, and weighted average prices paid for all milk, by months, April 1934-April 1937, inclusive.

Year and month	Class I 1/ Dollars	Class II 2/ Dollars	Outside area milk Dollars	Base milk Dollars	Weighted average price Dollars
1934	:	:	:	:	:
April	3.0225	1.179	:	3.093	2.89448
May	3.0225	1.130	:	3.023	2.84502
June	3.0225	1.137	:	3.002	2.86743
July	3.0225	1.120	:	2.923	2.83288
August	3.0225	1.230	:	2.912	2.86726
September	3.40	1.217	:	3.183	3.10754
October	3.40	1.164	:	3.182	3.12172
November	3.40	1.374	:	3.328	3.28289
December	3.40	1.501	:	3.239	3.20576
Average	3.19	1.229	:	3.098	2.93843
1935	:	:	:	:	:
January	3.40	1.563	:	3.216	3.17073
February	3.40	1.761	:	3.231	3.18015
March	3.40	1.688	:	3.206	3.15701
April	3.40	1.697	3.255	3.231	3.16523
May	3.40	1.365	3.255	3.076	2.95596
June	3.40	1.126	3.255	3.036	2.91119
July	3.40	1.096	3.255	3.140	3.05399
August	3.40	1.153	3.255	3.145	3.08755
September	3.40	1.123	3.0113/	3.076	3.04973
October	3.40	1.238	2.906	3.179	3.15680
November	3.40	1.542	2.9614/	3.225	3.26052
December	3.40	1.668	2.9314/	3.218	3.21126
Average	3.40	1.427	3.180	3.164	3.10310
1936	:	:	:	:	:
January	3.40	1.585	2.934 ³ /	3.190	3.16985
February	3.40	1.869	2.924 ³ /	3.201	3.17488
March	3.40	1.559	2.906	3.179	3.12659
April	3.40	1.451	2.906	3.157	3.08078
May	3.35	1.413	2.890 ⁴ /	3.089	2.91689
June	3.35	1.389	2.876	3.109	2.90350
July	3.35	1.843	2.876	3.199	3.08882
August	3.35	1.928	2.894 ³ /	3.205	3.11297
September	3.35	1.843	2.881 ³ /	3.172	3.11081
October	3.35	1.649	2.876	3.097	3.04509
November	3.35	1.642	2.925 ⁵ /	3.182	3.14513
December	3.508 ⁵ /	1.688	2.927 ⁵ /	3.268	3.22795
Average	3.380	1.637	2.901	3.171	3.08805

(Cont'd)

Table 11. FALL RIVER, MASSACHUSETTS: Prices paid by handlers for 3.7 percent milk per hundredweight delivered at each handler's plant, by classes, prices for outside area milk, prices paid to producers for base milk, and weighted average prices paid for all milk, by months, April 1934-April 1937, inclusive ---Continued

Year and month	Class I 1/ Dollars	Class II 2/ Dollars	Outside area milk: Dollars	Base milk Dollars	Weighted average price Dollars
1937					
January	3.66	1.649	2.885 ^{3/}	3.354	3.27868
February	3.66	1.659	2.883 ^{3/}	3.397	3.30365
March	3.66	1.669	2.917 ^{3/}	3.380	3.27235
April	3.66	1.607	2.878 ^{3/}	3.277	3.23337
Average					

1/ Class I milk means all milk sold or distributed as whole milk, chocolate milk, or flavored milk for consumption in the sales area; effective May 1, 1936, means all milk sold or distributed as milk, chocolate milk, or flavored milk drinks and all milk not established as Class II.

2/ Class II milk means the quantity of milk in excess of Class I; effective May 1, 1936, means milk accounted for as being sold, distributed, or disposed of other than as milk, chocolate milk, or flavored milk drinks, or as actual plant shrinkage within reasonable limits.

3/ Price raised to \$3.66 December 16.

4/ Blended price

Compiled from semi-monthly reports of the market administrator.

Table 12.- FALL RIVER, MASSACHUSETTS: Allowance per 1/10th percent butterfat per hundredweight paid to or deducted from milk above or below 3.7 percent butterfat content, April 1934-May 1937

Month	1934	1935	1936	1937
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
January		4.5	4.6	4.5
February		5.1	4.8	4.5
March		4.9	4.5	4.5
April	3.1	4.9	4.2	4.3
May	3.2	4.0	3.8	4.4
June	3.2	3.3	3.8	
July	3.2	3.3	5.0	
August	3.5	3.4	5.2	
September	3.6	3.3	5.0	
October	3.5	3.7	4.4	
November	4.0	4.8	4.4	
December	4.4	4.8	4.5	

Compiled from reports of the market administrator, License No. 48 and Order No. 5.

or deducted from milk above or below 3.7 percent butterfat content delivered by producers, by handlers in the Fall River Marketing Area, during the period April 1934-May 1937.

PART VI
Demand Conditions in the Fall River Marketing
Area

A. Business conditions - purchasing power of consumers.

The following discussion of business conditions in relation to purchasing power in the Fall River Marketing Area is based largely on the Monthly Review of Industrial and Financial Conditions in the New England District, published by the Federal Reserve Bank of Boston, June 1, 1937. The various business indicators utilized by this report show that general business conditions are such that improvement in consumer purchasing power probably has occurred in recent months and that further improvement might be expected.

The City of Fall River is one of the leading cotton textile manufacturing centers in the country and consumer purchasing power in the Fall River Marketing Area is very closely associated with conditions in that industry. A marked decline in industrial activity had resulted in a considerable reduction in fluid milk purchases in Fall River by August 1933.^{24/} The unfavorable industrial situation was further aggravated by the cotton textile strike of 1934, although reported sales of Class I milk do not indicate that any reduction in fluid milk purchases resulted directly therefrom. However, it is possible that the volume was not so great as it might have been had no strike occurred. Since 1934 conditions in the textile industry have improved markedly.

According to the Federal Reserve Monthly Review, published June 1, 1937, the daily average consumption of raw cotton in the New England States during April 1937, was 4,140 bales compared with 3,128 bales in April 1936, an increase of 32 percent. The number of wage earners employed in Massachusetts and aggregate payrolls increased 0.6 percent and 2.8 percent, respectively, from March 15, to April 15, 1937. In contrast with these March to April increases of this year, the records for the 12-year period 1925-1936 show an average decrease in employment and payrolls in April compared with March. It was also reported that employment in representative manufacturing establishments was 17 percent higher in

^{24/} Testimony contained in A. A. A. Docket No. 29, p.96.

April 1937 than in April 1936, and that the amount paid in wages was greater in April 1937 by 32.9 percent.

Building: The total value of new contracts awarded for residential building in Massachusetts during the first four months of 1937 was \$12,430,500 as compared with \$6,283,000 during the same period in 1936, an increase of 97.8 percent

Retail Sales: Retail sales, in Massachusetts, April 1937, compared with April 1936.

Number of stores reporting	792
Number stores reporting increase	397
Number stores reporting decrease	358
Number stores reporting no change	37
Total increase in dollar volume	1.5 percent.

All of these indications of the increase in business reflect also an increase in the demand for milk and other food products. There is no readily apparent reason to believe that this increase in business activity will not continue for sometime.

B. Distribution of relief milk

Milk is dispensed to persons on relief by the following procedure:^{25/} The Department of Public Welfare of Fall River gives tickets to the recipient and communicates the name and address of the latter to the secretary of the Fall River Milk Dealers' Association. The secretary then directs some member of the Association to deliver milk daily to the holder of the tickets. The milk route man collects the tickets and the dealer receives payment semi-monthly from the Department of Public Welfare, according to the number of tickets which he holds, at the rate of 10 cents per quart.^{26/} This rate is three (3) cents under the regular retail price, and producers are paid one and one-half (1-1/2) cents per quart less than the regular Class I price for milk disposed of in this manner. Table 13 shows the number of families on relief, by months, April 1934-June 1936, the quantities of relief milk distributed in terms of quarts and pounds, and the prices paid by relief authorities for such milk. The number of families on relief in June 1936 was 2388 compared with 3,491 in June 1935 and 2,003 in June 1934. In June 1936, 26,893 quarts of milk were distributed to relief clients, as compared to 43,498 quarts in June 1935, and 19,733 quarts in June 1934. There was a definite decrease each month in the number of people on relief in Fall River from December 1935 through June 1936. This seems to indicate that a portion of the people on relief are being absorbed by industry in the Fall River Area.

^{25/} Report of Market Administrator, License No. 48, (Order No. 5).

^{26/} April-August 1934, 9 cents per quart; after August 1934, 10 cents per quart.

Table 13.- FALL RIVER MARKETING AREA: Volume and price per quart of milk distributed to relief recipients, by months, April 1934 to June 1936, inclusive

Year and Month	: Number of : families : on relief	: Amount : paid for : milk	: Quarts	: Pounds	: Price : per : quart
		<u>Dollars</u>			<u>Cents</u>
1934					
April	1,969	2,148.30	23,870	51,321	9
May	2,049	3,467.52	38,528	82,835	9
June	2,003	1,775.97	19,733	42,426	9
July	2,189	2,465.32	27,398	58,906	9
August	2,334	2,580.48	28,672	61,645	9
September	3,742	6,386.38	63,864	137,308	10
October	3,746	4,706.80	47,068	101,193	10
November	2,406	2,489.90	24,899	53,533	10
December	2,422	4,475.80	44,758	96,230	10
1935					
January	3,154	1,561.00	15,610	33,562	10
February	2,906	3,086.30	30,863	66,355	10
March	3,024	4,858.00	48,580	104,447	10
April	3,322	4,384.80	43,848	94,273	10
May	3,442	5,050.50	50,505	108,586	10
June	3,491	4,349.80	43,498	93,521	10
July	3,333	5,035.80	50,358	108,270	10
August	4,021	6,605.90	66,059	142,027	10
September	4,136	7,905.10	79,051	169,959	10
October	3,799	8,943.30	89,433	192,280	10
November	3,691	9,275.30	92,753	199,420	10
December	3,917	6,195.00	61,950	133,193	10
1936					
January	3,335	5,468.00	54,680	117,562	10
February	2,898	4,877.60	48,776	104,869	10
March	2,868	4,609.40	46,094	99,103	10
April	2,834	3,941.00	39,410	84,731	10
May	2,460	3,150.60	31,506	67,740	10
June	2,388	2,689.30	26,893	57,822	10

Compiled from the annual report of the market administrator,
License No. 48.

C. The sales of fluid milk

The improved demand conditions in 1936 and the early months of 1937 has been associated with an increase in the amount of milk sold as fluid milk. Beginning in June 1936 and for each succeeding month through April 1937, sales of fluid milk were higher than in the corresponding month a year earlier. The average daily Class I sales for the year 1936 were 73,714 pounds compared with 72,649 pounds in 1935, an increase of 1.5 percent. During the first four months of 1937, the average daily Class I sales in the Fall River Market were 3.3 percent higher than during the first four months in 1936. (See table 14). Fluid milk sales in the Fall River Market do not vary markedly from season to season. During the year 1936, fluid milk sales varied from 70,014 pounds per day in January to 78,239 pounds in July, a range of only 11.7 percent.

The increase in Class I sales during the first four months of 1937 as compared with the same period in 1936 is especially significant in view of the fact that the retail price of milk was increased from 13 cents per quart to 14 cents on December 15, 1936. Apparently, business conditions have improved to such an extent in the Fall River Area that the retail sales of fluid milk were not reduced by the price increase.

Table 14 - Estimated Average daily Class I sales in the Fall River Marketing Area, Apr. 1934 - Apr. 1937, inclusive.

Month	Average Daily Class I Sales			
	1934	1935	1936	1937
	<u>Pounds</u>	<u>Pounds</u>	<u>Pounds</u>	<u>Pounds</u>
January		73,007	70,014	72,669
February		72,346	71,315	73,327
March		74,007	72,135	74,489
April	74,978	74,127	70,926	73,215
May	80,232	72,908	70,576	
June	81,202	73,057	74,226	
July	80,000	74,322	78,239	
August	80,672	74,461	77,905	
September	73,170	70,491	75,636	
October	72,089	71,824	74,571	
November	75,501	71,311	75,463	
December	71,250	69,843	73,452	
Average	76,571	72,649	73,714	

Compiled from reports of the Market Administrator, License No. 48 and Order No. 5.

PART VII

Supply Conditions in the Fall River Milk Supply Area

A. General supply conditions:

In the discussion and tables contained in section C, of Part V of an earlier economic brief prepared on the Fall River milk market, entitled, "Supply Conditions", the general characteristics of the Fall River Milk Supply Area are set forth in detail.^{27/}

The first division under the main heading, "Supply Conditions", treats of the location and boundaries of the Fall River Milk Supply Area. The Fall River milk market draws its fluid milk supply from Bristol County, Massachusetts and from Bristol and Newport Counties in Rhode Island. Figure 1 in Paper No. 2 shows the Fall River milk supply and market areas, and the proportion of the total milk supply furnished by each town in the supply area.^{28/}

The second division under the main heading "Supply Conditions", sets forth the internal characteristics of the Fall River Milk Supply Area. In treating the internal characteristics of the Fall River Milk Supply Area, the discussion and data center around the following topics: (a) Types of farming in the Fall River Milk Shed; (b) Character of the dairy enterprise in the Fall River Supply Area; (c) Average size of herd, total milk production, milk production per cow and milk production per square mile in the Fall River Milk Supply Area; (d) Trends in milk production in Massachusetts and Rhode Island since 1929; (e) Utilization of milk produced in the Fall River Supply Area; and (f) Regions of surplus and deficit milk supply adjacent to or within the Fall River milk supply area. Most of the discussion in this part of the earlier brief is based on data gathered by the Census for the year 1929, and it seems reasonable to assume that the type and method of farming in the area have not changed greatly since that time. In any case, the data is not available by which the discussion can be brought up to date in some instances. Therefore, anyone who desires to become familiar with the general characteristics of the Fall River Milk Supply Area may refer to the earlier economic brief prepared by the Dairy Section for the Fall River market in February 1936.

B. Feed supply and feed prices:

Because a large proportion of the cash expenditure of dairy farmers in this area is for feed, the prices of feeds and their relation to the price of milk is of great importance in the Fall River market.

^{27/} Paper No. 2, op. cit., pp. 21-37

^{28/} *ibid.*, p. 25

The small agricultural area which supplies fluid milk to the Fall River market is a high cost milk production area. It is also a deficit milk production area in that not enough milk is produced in the supply area to furnish the fluid milk and fluid cream requirements of the Fall River market. Large quantities of "outside" cream are brought into the area during certain seasons of the year to supplement the local supply of milk in order that handlers may have a sufficient quantity of milk to meet their Class I and Class II requirements in the market. Milk producers in Massachusetts and Rhode Island produce practically none of their concentrated feed requirements, which means that practically all of the grain used in feeding dairy cattle for milk production in this area is purchased. Even in Rhode Island, milk producers purchase a large percentage of their roughage requirements for feeding dairy cattle in the form of hay. (see table No. 19, Economic brief on Fall River Milk Market, 1936).^{29/} Milk producers in Massachusetts used 30.48 percent shipped-in feed and 69.52 percent home-grown feed, while milk producers in Rhode Island used 34.06 percent shipped-in feed and 65.94 percent home-grown feed. These data indicate the important relationship that exists between feed prices and prices paid by handlers for milk in the Fall River market. When feed prices advance materially, handlers must pay producers a higher price for their milk in order to be sure of receiving a sufficient supply of high quality milk to meet their fluid milk requirements.

1. Feed supply.

As pointed out above milk producers in Massachusetts and Rhode Island purchase practically all of the grain fed to dairy cattle. Practically the only kinds of home-grown feed are pasture, hay and silage. The condition of pastures on June 1, 1937 was 93 percent of normal in Massachusetts compared with an average of 85 percent during the period 1923-1932.^{30/} On June 1, 1937, the condition of pastures in Rhode Island was 81 percent of normal compared with an average of 86 percent during the period 1923-1932. The conditions of tame hay on June 1, 1937 was 94 percent and 95 percent of normal in the States of Massachusetts and Rhode Island, respectively, compared with an average of 88 percent in both States during the period 1923-1932. These data indicate that the condition of pastures and tame hay in the two States of Massachusetts and Rhode Island on June 1, 1937 was slightly higher than normal.

2. Feed prices.

On the other hand, the trend in prices of feed grains in the Boston market has been upward since June 1936. The severe drought in the surplus grain producing regions during the summer of 1936

^{29/}Ibid., p. 35.

^{30/}See monthly report of the Crop Reporting Board, June 1, 1937.

drastically curtailed the available supply of feed grains. This condition caused feed prices to advance rapidly during the summer and fall of 1936, and for the first four months in 1937 (see table 15 and figure 2). The rapidly rising feed prices in the late fall of 1936 resulted in producers demanding an increase in the price paid by handlers for milk used for Class I purposes. (Milk used for Class II purposes is related to the cream price in the Boston market and varies when the price of such cream varies). On December 15, 1936, the Class I price was increased from \$3.35 per hundredweight of \$3.66 per hundredweight, by agreement between the producers' association and handlers operating in the Fall River market. The average price of feedstuffs in the Boston market in December 1936, was 131.6 percent compared with the average price of feedstuffs in December 1935, of 89 percent, an increase of 42.6 percent. (average 1935 = 100). The average price of feedstuffs during the first four months of 1937 have been even higher than during the corresponding months in 1936, ranging from 45.9 percent in February 1937 above February 1936 to 59.6 percent in April 1937 above April 1936. The average price of feedstuffs in the Boston market in April 1937, were higher by almost 10 percent than during any month since License No. 48 and Order No. 5 became effective in the Fall River Marketing Area.

That a large proportion of total farm income on dairy farms in Massachusetts and Rhode Island is expended for feed is indicated by Census data for the year 1929. (See Table 16.) In Bristol County, Massachusetts, out of total income of \$4,602.59 per farm for farm products sold, exchanged or used, \$1,669.44 was expended for feed. In Bristol County, Rhode Island, \$5,493.29 represented the value per farm of farm products sold, exchanged or used, out of which sum \$2,068.34 was expended for feed. Out of \$3,942.40 income per farm in Newport County, Rhode Island, \$1,372.06 was expended for feed. It appears, then, that more than one-third of the value of all farm products, sold, exchanged or used by farm families on dairy farms in these Counties was expended for feed. 31/

The foregoing discussion indicates that the increasing feed prices are of paramount importance to milk producers in the Fall River Area. Higher feed costs increase the cost of producing milk and the milk producers in the Fall River Milk Shed will be materially affected by these higher production costs, as well as by the increase in the cost of labor and other items the farmer must purchase.

C. Number of Producers and Seasonal variation in deliveries of milk to handlers by producers.

Table 17 shows the number of producers and average daily deliveries per producer selling milk to handlers reporting to the

31/ Adopted from Paper No. 2, Series on Marketing Agreements and Orders, op.cit.

Table 15.-BOSTON, MASSACHUSETTS: Average prices of feedstuffs (bagged, per ton, in carlots, sight draft basis)

Year and month	Standard : Spring : Wheat : Bran	Standard : Spring : Wheat : Middlings:	Standard : Dollars	Linseed : Meal : (34%)	Cotton- : seed : Meal : (41%)	Cotton- : seed : Meal : (43%)	Gluten : Feed	White : Hominy : Feed	Average : Price : Seven : Feedstuffs:	Index numbers : of average : Feedstuffs : 1935 -100
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
1934										
January	23.45	23.55	23.55	40.25	31.65	32.50	24.55	25.35	28.83	90.5
February	29.20	24.70	24.70	39.20	33.65	34.65	25.35	26.40	30.45	95.6
March	27.75	26.50	26.50	38.40	33.65	34.65	26.85	26.30	30.59	96.0
April	26.70	26.65	26.65	37.70	32.15	33.25	26.60	24.30	29.62	93.0
May	25.00	24.25	24.25	35.65	30.90	32.85	24.35	22.30	27.90	87.6
June	28.80	29.45	29.45	37.40	32.70	34.70	25.95	25.40	30.63	96.1
July	27.50	28.75	28.75	33.30	34.70	36.70	25.85	25.55	31.05	97.5
August	29.95	31.05	31.05	43.50	39.95	41.95	30.80	32.15	35.62	111.8
September	28.90	29.55	29.55	44.00	41.15	43.15	33.30	34.25	36.33	114.0
October	27.85	28.00	28.00	42.10	42.15	45.15	33.80	31.70	35.82	112.4
November	29.50	30.05	30.05	43.45	43.45	46.40	35.30	36.25	37.77	118.5
December	32.40	33.50	33.50	44.80	44.30	47.00	39.80	39.90	40.24	126.3
Average	28.08	28.00	28.00	40.40	36.70	38.58	29.38	29.20	32.91	103.3
1935										
January	31.95	32.45	32.45	44.25	43.30	45.08	39.40	37.50	39.13	122.8
February	31.25	31.15	31.15	40.40	42.15	43.15	37.65	35.35	37.29	117.1
March	29.90	29.65	29.65	34.25	39.65	41.80	34.50	32.25	34.57	108.5
April	30.95	31.15	31.15	35.60	38.67	41.02	30.45	31.85	34.24	107.5
May	31.63	32.63	32.63	35.75	39.06	41.00	31.25	33.13	34.92	109.6
June	27.81	28.50	28.50	55.50	37.13	39.13	30.25	32.00	33.05	103.7
July	24.40	26.40	26.40	34.20	33.85	35.85	28.25	29.83	30.40	95.4
August	23.63	25.19	25.19	29.57	30.06	31.38	27.00	29.38	28.10	88.2
September	22.00	22.81	22.81	24.94	28.63	29.88	25.75	29.94	26.28	82.5
October	22.95	23.65	23.65	26.38	32.30	33.80	27.80	30.80	28.24	88.6
November	22.69	22.81	22.81	28.50	31.06	32.38	29.13	27.75	27.76	87.1
December	23.73	25.75	25.75	30.70	30.90	32.70	29.55	27.10	28.35	89.0
Average	26.91	27.60	27.60	33.34	35.56	37.26	30.92	31.44	31.86	100.0

Table 15.- BOSTON, MASSACHUSETTS: Average prices of feedstuffs (bagged, per ton, in carlots, sight draft basis) - continued

[illegible]

Compiled from reports of the Bureau of Agricultural Economics, Division of Hay, Feed and Seed.

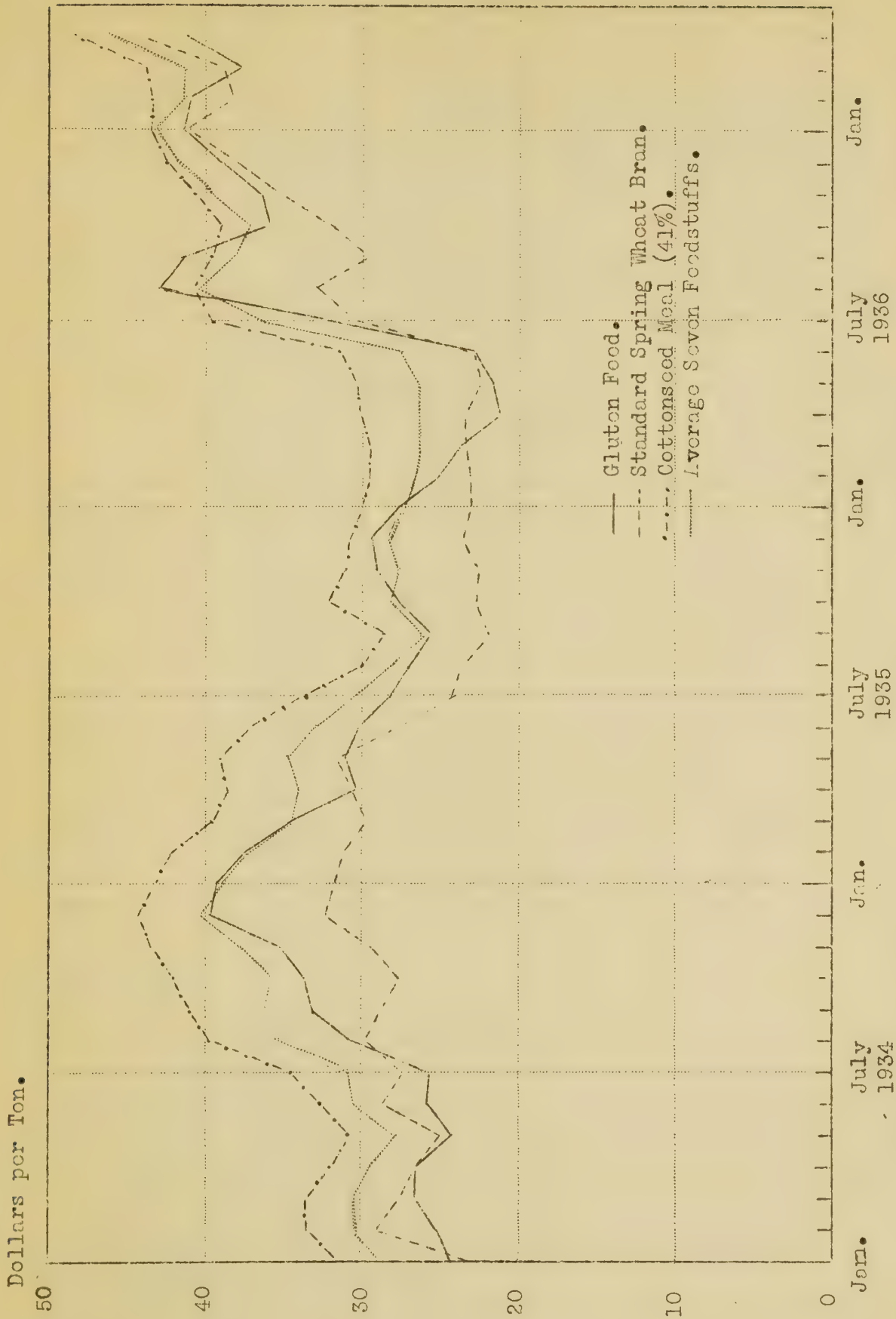


Figure 2.- Average Prices at Boston, Mass., of Gluten Food, Standard Spring Wheat Bran, Cottonseed Meal (41%) and Average of Seven Foodstuffs, Per Ton Bagged in Carlots, January 1934 - April 1937.

Table 16.- Farm income and expenditure for feed and labor on all farms and on farms of dairy type, by counties, in Massachusetts and Rhode Island, 1929.

County and State	Value of farm		Expenditures for		Expenditures for	
	products, per farm,		feed per farm		labor per farm	
	sold, exchanged or					
	used by farm family					
	All farms	Dairy type farms	All farms	Dairy type farms	All farms	Dairy type farms
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Massachusetts:						
Barnstable	2,545.94	4,687.52	994.65	1,371.83	977.21	1,420.67
Berkshire	2,488.61	3,824.46	807.87	1,143.86	856.34	775.32
Bristol	3,159.89	4,602.59	1,158.83	1,669.44	1,068.98	1,117.62
Dukes	1,887.80	2,688.57	705.07	988.96	689.35	726.29
Essex	3,249.50	5,115.57	1,128.00	1,728.75	1,495.36	1,357.01
Franklin	2,317.86	3,422.86	513.58	1,031.84	484.08	573.95
Hampden	2,666.97	3,280.76	653.54	1,009.70	1,004.67	659.12
Hampshire	2,734.56	3,322.93	632.39	1,023.03	754.55	635.40
Middlesex	3,915.30	5,023.50	1,209.13	1,725.48	1,872.58	1,273.39
Nantucket	4,383.55	4,146.00	1,595.90	1,925.94	1,236.06	1,131.08
Norfolk	4,123.98	7,026.62	1,597.52	2,381.48	1,679.30	1,788.39
Plymouth	4,050.54	4,617.84	1,306.92	1,908.43	1,553.28	1,313.38
Suffolk	11,275.45	-	1,804.41	-	8,468.48	-
Worcester	2,698.22	3,766.14	883.86	1,245.80	833.34	857.85
State	3,060.85	4,231.81	955.49	1,420.01	1,133.88	985.39
Rhode Island:						
Bristol	3,558.84	5,493.29	1,443.84	2,068.34	1,350.94	1,564.24
Kent	2,266.37	4,823.99	810.20	1,555.08	790.13	1,043.46
Newport	3,347.34	3,942.40	1,093.30	1,372.06	1,540.04	978.74
Providence	3,511.04	6,557.30	1,181.17	2,163.57	1,301.57	1,321.58
Washington	2,839.69	4,652.51	899.59	1,422.08	954.90	1,135.63
State	3,133.27	5,226.65	1,053.69	1,733.43	1,207.85	1,187.66

Table 17.- FALL RIVER, MASS.: Number of producers and average daily deliveries per producer selling milk to reporting handlers and index numbers of seasonal variation in such deliveries, by months, April 1934 - May 1937.

Year & Month	Producers covered by Handlers' reports	Average daily deliveries	
		Per Producer	Index of seasonal variation ^{1/}
	Number	Pounds	Percent
<u>1934</u>			
April	355	222.5	
May	355	247.0	
June	352	247.5	
July	351	245.2	
August	344	250.3	
September	345	241.2	
October	329	230.6	
November	324	225.2	
December	330	225.8	
Average	343		
<u>1935</u>			
January	336	233.9	94.7
February	330	235.2	95.2
March	335	241.6	97.8
April	332	251.8	101.9
May	335	269.8	109.2
June	337	270.8	109.6
July	325	257.2	104.1
August	334	253.3	102.8
September	335	246.8	99.9
October	337	239.8	97.1
November	338	229.2	92.8
December	338	233.6	94.6
Average	334	247.0	100.0
<u>1936</u>			
January	338	239.2	95.6
February	338	243.6	97.3
March	339	250.2	100.0
April	340	251.8	100.6
May	339	266.0	106.3
June	343	269.0	107.5
July	335	257.6	102.9
August	330	255.9	102.2
September	332	248.8	99.4
October	301	249.2	99.6
November	333	236.7	94.6
December	332	235.6	94.1
Average	333	250.3	100.0
<u>1937</u>			
January	329	242.8	
February	327	245.6	
March	309	250.5	
April	312	250.3	
May	298	272.4	

^{1/} Average for the year = 100

Market Administrator, and index numbers of seasonal variation in such deliveries, by months, April 1934 - May 1937. These data indicate that the number of producers delivering milk to handlers reporting to the Market Administrator has remained relatively constant during the entire period License No. 48 and Order No. 5 have been in effect in the Fall River market. There was a slight reduction in the number of producers delivering milk to handlers during March and April of this year, but that may be due to the fact that one or more handlers who had been reporting to the Market Administrator failed to report during those two months.

The data in Table 17 also show that the average daily deliveries of milk per producer do not fluctuate to any marked extent on a seasonal basis. During the year 1935 the index of seasonal variation in average daily deliveries ranged from a low point of 92.8 percent in November to 109.6 percent in June. (Average 1935 = 100). During the year 1936 the index of seasonal variation in average daily deliveries ranged from a low point of 94.1 percent in December to 107.5 percent in June. (Average 1936 = 100). The seasonal fluctuations in average daily deliveries by producers are not much greater than the seasonal fluctuations in Class I sales by handlers. While the seasonal fluctuations in average daily deliveries by producers does not correspond exactly with the seasonal fluctuation in Class I sales by handlers, the relatively close correlation between deliveries and sales indicate that producers in the Fall River market do relate their deliveries of milk to Class I sales by handlers. This is probably due to the fact that it is unprofitable to deliver milk to handlers at surplus or Class II prices in the Fall River Area and producers so arrange their farming operations so that they can deliver milk to handlers at such times and in such amounts as will return to them the highest possible prices. Figure 3 shows the location of producers delivering milk to handlers in the Fall River Marketing Area.

1. Producers' Associations.

There are two producers' associations operating in the Fall River Marketing Area, namely, the Fall River Milk Producers' Association and the New England Milk Producers' Association. The Fall River Milk Producers' Association is by far the most important producers organization operating in this market. Table 18 shows that during the period April 1934-June 1936 members of the Fall River Milk Producers' Association delivered 57,809,267 pounds of milk to handlers reporting to the Market Administrator and this volume represented approximately 85 percent of all milk delivered by producers to such handlers. Members of the New England Milk Producers' Association delivered 4,605,197 pounds of milk to handlers during this period or approximately 7 percent of the total volume of milk delivered to handlers by all producers. Producers who were not member of either association delivered 5,683,993 pounds of milk to handlers or approximately 8 percent of the total volume delivered to handlers by all producers. Table 18 also shows the number of producers who were members of each association and the number of non-member producers, by months, April 1934 - June 1936.

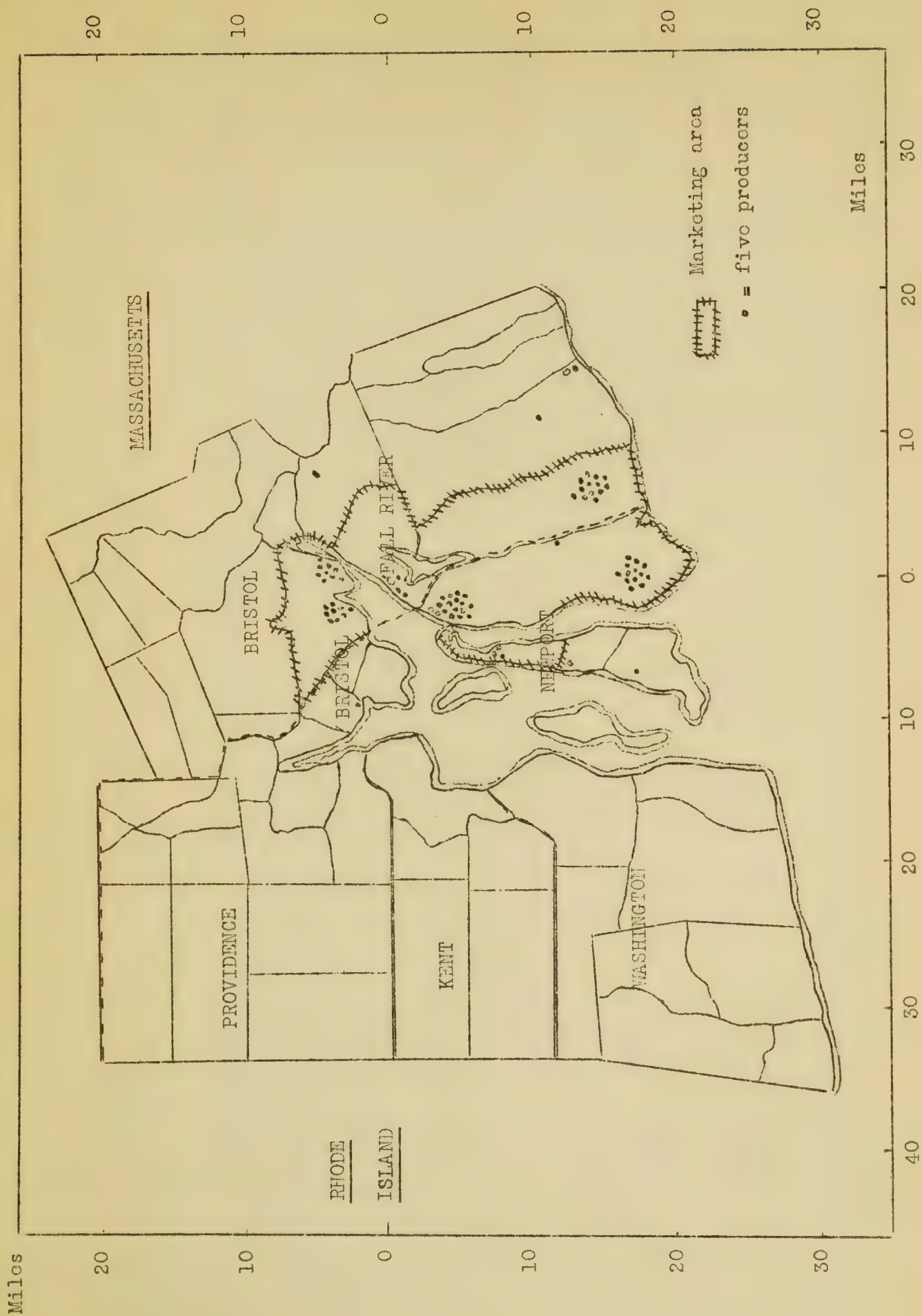


Figure 3.- Location of producers in the Fall River, Massachusetts supply area



Table 18.-FALL RIVER, MASSACHUSETTS: Number of members of each association, number of non-members, total purchases of milk from producers by each group and percent of total, April 1934 - June 1936.

Year and month	Volume handled by members of N. E. M. P. A.				Volume handled by non-members				Volume handled by members of the Fall River M. P. A.				Total Volume			
	No. of producers	Pounds	Per-cent of total	No. of producers	Pounds	Per-cent of total	No. of producers	Pounds	Per-cent of total	No. of producers	Pounds	Per-cent of total	No. of producers	Pounds	Per-cent of total	No. of producers
1934																
Apr.	16	153,957	6.67	47	262,650	11.37	292	1,832,298	81.96				355	2,308,905		
May	16	186,113	6.99	45	290,646	10.91	294	2,186,245	82.10				355	2,662,984		
June	16	186,254	7.24	43	266,965	10.38	293	2,119,027	82.38				352	2,572,246		
July	17	183,643	7.07	35	227,963	8.77	295	2,186,985	84.16				347	2,598,591		
Aug.	17	181,357	6.83	34	215,495	8.11	300	2,259,261	85.06				351	2,656,113		
Sept.	18	168,597	6.87	31	172,471	7.03	300	2,113,523	86.10				349	2,454,591		
Oct.	18	176,181	7.19	30	163,079	6.65	297	2,112,511	86.16				345	2,451,771		
Nov.	18	153,895	6.98	30	147,237	6.47	291	1,969,754	86.55				339	2,275,886		
Dec.	18	158,917	6.75	30	154,961	6.53	291	2,040,394	86.67				339	2,354,272		
1935																
Jan.	18	165,299	6.79	30	161,991	6.66	289	2,106,279	86.55				337	2,433,569		
Feb.	18	159,359	7.34	30	152,013	7.00	287	1,859,097	85.66				335	2,170,469		
March	18	173,273	6.91	30	176,496	7.04	283	2,158,522	86.05				336	2,508,291		
Apr.	17	166,013	6.61	30	171,113	6.82	286	2,173,772	86.57				333	2,510,903		
May	17	190,540	6.73	31	195,375	6.96	288	2,426,516	86.26				336	2,812,931		
June	17	185,528	6.79	32	199,443	7.30	283	2,346,412	85.91				337	2,731,383		
July	17	184,035	7.03	37	229,302	8.76	282	2,204,194	84.21				336	2,617,531		
Aug.	17	181,970	6.97	37	219,043	8.39	280	2,208,592	84.64				334	2,609,605		
Sept.	17	177,604	7.17	38	200,686	8.10	280	2,099,561	84.73				335	2,478,251		
Oct.	17	183,500	7.45	33	202,712	8.09	282	2,115,884	84.46				337	2,505,096		
Nov.	16	153,705	6.61	41	189,775	8.17	281	1,930,393	85.22				338	2,323,373		
Dec.	15	157,158	6.42	43	202,019	8.25	280	2,089,480	85.33				338	2,448,657		
1936																
Jan.	15	158,009	6.31	44	219,611	8.77	279	2,125,609	84.92				338	2,503,229		
Feb.	15	145,881	6.11	44	218,772	9.16	279	2,024,170	84.73				338	2,388,823		
March	15	161,373	6.17	43	244,638	9.33	260	2,215,758	84.50				332	2,622,269		
Apr.	15	161,386	6.30	41	230,265	9.00	283	2,163,473	84.70				339	2,560,124		
May	15	174,599	6.27	45	283,842	10.20	279	2,324,122	83.53				339	2,700,623		
June	15	163,551	6.12	48	234,925	10.34	280	2,301,995	83.54				343	2,755,471		
Total	16.6	4,605,197	5.76	37.3	5,683,993	8.35	286.8	57,809,267	84.89				340.7	68,098,457		

Compiled from reports of the Market Administrator.

D. Number of Handlers and Seasonal Variation in Class I Sales.

During the period April 1934 - April 1937, the number of handlers, including Producer-handlers, reporting to the Market Administrator varied between 44 and 59. (See Table 19). Producer-handlers reporting to the Market Administrator under License No. 48 and Order No. 5, numbered from 4 to 19 during the period April 1934 - April 1937. The latter number was reported for May 1936 the first period after Order No.5 became effective. Data in Table 18 show that sales by handlers have declined from almost 100 percent of total sales in the early period of operation of License No. 48, to approximately 90 percent of total sales during recent months. Sales of producer-handlers reporting to the Market Administrator have increased from almost nothing to approximately 10 percent of total sales in the Fall River market. This is probably due to the fact that producer-handlers did not report to the Market Administrator under License No. 48, which seems reasonable in view of the fact that sales of producer-handlers reporting to the Market Administrator have increased since the effective date of Order No. 5.

The number of handlers excluding producer-handlers, reporting to the Market Administrator under License No. 48 and Order No. 5, have varied from 27 to 41 during the period April 1934 - May 1937. The trend in number of handlers reporting to the Market Administrator has been slightly downward reaching the low figure of 27 in May of this year. (See Table 20). The data in Table 20 also show the Class I sales, Class II sales and sales outside of the Marketing Area and percent each is of total sales included in the market pool, by handlers during the period April 1934 - May 1937. The trend in proportion of Class I sales to total sales has been slightly downward during the period which indicates that there is probably some relationship between the handlers not reporting to the Market Administrator and the decrease in proportion of Class I sales to total sales. The handlers not reporting to the Market Administrator are probably small handlers with a high proportion of their total sales in Class I.

A number of handlers deal in very small volumes. The annual report of the Market Administrator for the year July 1935 - June 1936, covering 35 handlers, shows that 18 handlers purchased milk from less than 5 producers; 10 handlers purchased milk from between 5 and 10 producers each; and 7 handlers purchased milk from more than 10 producers each. 32/

Table 21 shows the estimated 33/ average daily sales of milk and index of average daily sales, by classes, during the period April 1934 - May 1937 in the Fall River Marketing Area. (Index of sales, average 1936 = 100). The data in Table 21 show that the seasonal variation

32/ Report of Market Administrator, License No. 48 and Order No. 5.

33/ Estimated by the Market Administrator from total milk used in the Marketing Area each month. Includes estimates of handlers not reporting to Market Administrator.

Table 19.-FALL RIVER, MASS.: Estimated total number of handlers, estimated total sales by handlers purchasing from producers and sales by producer-handlers with percent of total handled by each group, by months April 1934-May 1937.

Year and Month	Total number of handlers	Sales by handlers purchasing from producers: Volume	Percent of total	Sales by producer-handlers: Volume	Percent of total	Total Sales
	Number	Pounds	Percent	Pounds	Percent	Pounds
1934						
April	45	2,377,014	98.3	41,320	1.7	2,418,334
May	45	2,720,310	99.1	24,294	.9	2,744,604
June	45	2,620,281	99.8	32,724	1.2	2,653,005
July	44	2,669,345	99.7	7,595	.3	2,676,940
August	44	2,700,571	98.6	38,017	1.4	2,738,588
September	44	2,519,503	99.4	15,198	.6	2,534,701
October	46	2,435,305	95.8	106,577	4.2	2,541,882
November	46	2,269,694	94.6	128,353	5.4	2,398,047
December	46	2,347,620	95.7	106,400	4.3	2,454,020
Total	45*	22,659,643	97.8	500,478	2.2	23,160,121
1935						
January	47	2,433,569	94.7	136,661	5.3	2,570,230
February	47	2,196,827	94.6	124,810	5.4	2,321,637
March	46	2,508,291	94.5	145,161	5.5	2,653,452
April	46	2,510,901	94.8	137,605	5.2	2,648,506
May	47	2,820,295 1/2	95.2	142,980	4.8	2,963,275
June	46	2,729,463 1/2	95.3	133,700	4.7	2,863,163
July	46	2,651,017 1/2	95.2	134,029	4.8	2,785,046
August	47	2,615,761 1/2	94.9	141,310	5.1	2,757,071
September	46	2,478,718 1/2	94.8	136,006	5.2	2,614,724
October	46	2,504,520	94.9	134,782	5.1	2,639,302
November	46	2,324,424	94.7	129,862	5.3	2,454,286
December	46	2,448,852	94.8	133,473	5.2	2,582,325
Total	46*	30,222,638	94.9	1,630,379	5.1	31,853,017
1936						
January	46	2,503,249	94.9	134,219	5.1	2,637,468
February	46	2,387,077	95.0	125,271	5.0	2,512,348
March	46	2,623,550	94.7	145,446	5.3	2,768,996
April	46	2,562,122 1/2	94.8	139,635	5.2	2,701,757
May	59	2,797,623	93.7	189,295	6.3	2,986,918
June	59	2,765,471	91.7	251,069	8.3	3,016,540
July	59	2,742,155	91.3	260,234	8.7	3,002,389
August	59	2,743,879	91.2	265,930	8.8	3,009,809
September	59	2,611,976	91.1	254,496	8.9	2,866,472
October	59	2,637,524	90.9	263,978	9.1	2,901,502
November	59	2,452,642	90.5	257,146	9.5	2,709,788
December	58	2,548,087	91.0	250,946	9.0	2,799,033
Total	55*	31,375,355	92.5	2,537,665	7.5	33,913,020
1937						
January	58	2,598,582 1/2	90.8	264,130	9.2	2,862,712
February	58	2,332,428 1/2	90.2	253,449	9.8	2,585,877
March	58	2,694,851	90.8	273,745	9.2	2,968,596
April	58	2,601,484	90.5	272,964	9.5	2,874,448
May	57	2,880,681	91.3	275,021	8.7	3,155,702

1/2 Includes inventory milk * Average.

Compiled from semi-monthly reports of the Market Administrator.

Table 20 - FALL RIVER, MASS.- Number of handlers reporting sales of milk, the volume of such sales by classes, included in the market pool 1/ and the percent of total sales in each class by months, April 1934-December 1935.

Year and Month	:Number :of han- :dlers re- :porting	: :Class I : 2/ : Pounds	: Per- : cent: : of : :total:	: :Class II : 3/ : Pounds	: Per- : cent: : of : :total:	: :Sales : outside : area	: Per- : cent: : of : :total:	: :Total : sales : Pounds
1934								
April	40	2,148,260	93.0	160,645	7.0			2,308,905
May	41	2,408,295	90.4	254,689	9.6			2,662,984
June	41	2,360,721	91.8	211,525	8.2			2,572,246
July	40	2,406,580	92.6	192,011	7.4			2,598,591
Aug.	40	2,425,955	91.3	230,158	8.7			2,656,113
Sept.	39	2,121,956	86.4	332,635	13.6			2,454,591
Oct.	41	2,133,839	87.0	317,932	13.0			2,451,771
Nov.	41	2,146,648	94.3	129,238	5.7			2,275,886
Dec.	41	2,115,270	89.8	239,002	10.2			2,354,272
Total	40 4/	20,267,524	90.7	2,067,835	9.3			22,335,359
1935								
Jan.	40	2,129,885	87.5	303,684	12.5			2,433,569
Feb.	40	1,882,520	86.7	287,949	13.3			2,170,469
March	39	2,156,461	86.0	351,830	14.0			2,508,291
April	39	2,171,806	86.5	339,097	13.5	5/		2,510,903
May	39	2,210,512	78.6	602,419	21.4	5/		2,812,931
June	39	2,150,045	78.7	581,338	21.3	5/		2,731,383
July	38	2,238,457	85.5	379,074	14.5	5/		2,617,531
Aug.	38	2,260,265	86.6	349,340	13.4	5/		2,609,605
Sept.	38	2,133,129	86.1	345,122	13.9	5/		2,478,251
Oct.	38	2,264,610	90.4	240,486	9.6	5/		2,505,096
Nov.	38	2,187,974	94.2	135,899	5.8	5/		2,323,873
Dec.	38	2,244,124	91.6	204,533	8.4	5/		2,448,657
Total	39 4/	26,029,783	86.3	4,120,771	13.7			30,150,559

Table 20 - FALL RIVER, MASS. - Number of handlers reporting sales of milk, the volume of such sales by classes, included in the market pool 1/ and the percent of total sales in each class by months, January 1936 - December 1937. --Continued

Year and Month	:Number :of han- :dlers re- :porting	: :Class I : : <u>2/</u> : :Pounds	:Per- :cent : :of : :total:	: :Class II : : <u>3/</u> : :Pounds	:Per- :cent : :of : :total:	: :Sales :outside :area	:Per- :cent : :of : :total:	Total sales
1936								
Jan.	38	2,241,644	89.6	261,585	10.4	5/		2,503,229
Feb.	38	2,127,114	89.0	261,709	11.0	5/		2,388,823
Mar.	37	2,300,912	87.7	321,357	12.3	5/		2,622,269
Apr.	36	2,187,352	85.4	372,772	14.6	5/		2,560,124
May	35	1,998,026	71.8	574,083	20.6	210,514	7.6	2,782,623
June	35	1,996,063	72.4	585,408	21.3	174,000	6.3	2,755,471
July	33	2,112,344	79.6	422,612	15.9	119,199	4.5	2,654,155
Aug.	32	2,050,507	79.2	380,867	14.7	158,515	6.1	2,589,889
Sept.	32	1,919,199	77.7	320,013	12.9	232,164	9.4	2,471,376
Oct.	31	1,816,202	78.1	381,461	13.4	126,761	5.5	2,324,424
Nov.	32	1,846,496	82.3	226,587	10.1	171,409	7.6	2,244,492
Dec.	32	1,945,724	80.2	317,976	13.1	162,087	6.7	2,425,787
Total	34 4/	24,541,583	80.9	4,426,430	14.6	1,354,649	4.5	30,322,662
1937								
Jan.	32	1,920,009	77.5	415,373	16.8	140,925	5.7	2,476,307 <u>6/</u>
Feb.	32	1,702,005	78.3	331,091	15.2	141,912	6.5	2,175,008 <u>6/</u>
Mar.	31	1,804,322	76.2	399,464	16.9	164,765	6.9	2,368,551
Apr.	31	1,752,367	74.9	424,110	18.1	162,787	7.0	2,339,264
May	27	1,705,522	67.8	625,427	24.9	182,802	7.3	2,513,751
June								
July								
Aug.								
Sept.								
Oct.								
Nov.								
Dec.								
Total								

- 1/ Milk pooled represents sales by handlers after interhandler sales have been deducted.
- 2/ Class I milk means all milk sold or distributed as whole milk, chocolate milk, or flavored milk for consumption in the sales area; effective May 1, 1936, means all milk sold or distributed as milk, chocolate milk, or flavored milk drinks, and all milk not established as Class II.
- 3/ Class II milk means the quantity of milk in excess of Class I; effective May 1, 1936, means all milk accounted for as being sold, distributed, or disposed of other than as milk, chocolate milk, or flavored milk drinks, or as actual plant shrinkage within reasonable limits.
- 4/ Average
- 5/ Not reported separately
- 6/ Inventory milk

Compiled from annual and monthly reports of the Market Administrator.

Table 21.-FALL RIVER, MASS.: Estimated daily sales 1/ of milk by classes, and index numbers of variation in such sales, by months, April 1934-May 1937.
(1936 average - 100)

Year and Month	Average daily sales				Index of daily sales			
	: Class I	: Class II	: Outside:	: Total	: Class I:	: Class II:	: Outside:	: Total
	: 2/	: 3/	: sales:	: sales	:	:	: sales:	: sales
	: Pounds	: Pounds	: Pounds:	: Pounds	: Percent:	: Percent:	: Percent:	: Percent
1934	:	:	:	:	:	:	:	:
April	: 74,978	: 5,633	: -	: 80,611	: 101.7	: 42.5	: -	: 87.0
May	: 80,232	: 8,304	: -	: 88,536	: 108.8	: 62.6	: -	: 95.6
June	: 81,202	: 7,232	: -	: 88,434	: 110.2	: 54.5	: -	: 95.4
July	: 80,000	: 6,353	: -	: 86,353	: 108.5	: 47.9	: -	: 93.2
August	: 80,672	: 7,670	: -	: 88,342	: 109.4	: 57.8	: -	: 95.3
September	: 73,170	: 11,320	: -	: 84,490	: 99.3	: 85.3	: -	: 91.2
October	: 72,089	: 9,907	: -	: 81,996	: 97.8	: 74.7	: -	: 88.5
November	: 75,501	: 4,434	: -	: 79,935	: 102.4	: 33.4	: -	: 86.3
December	: 71,250	: 7,912	: -	: 79,162	: 96.7	: 59.6	: -	: 85.4
Average	: 76,571	: 7,648	: -	: 84,219	: 103.9	: 57.6	: -	: 90.9
1935	:	:	:	:	:	:	:	:
January	: 73,007	: 9,904	: -	: 82,911	: 99.0	: 74.6	: -	: 89.5
February	: 72,346	: 10,570	: -	: 82,916	: 98.1	: 79.7	: -	: 89.5
March	: 74,007	: 11,588	: -	: 85,595	: 100.4	: 87.3	: -	: 92.4
April	: 74,127	: 11,577	: 2,580	: 88,284	: 100.6	: 87.2	: 45.5	: 95.3
May	: 72,908	: 20,102	: 2,580	: 95,590	: 98.9	: 151.5	: 45.5	: 103.2
June	: 73,057	: 19,802	: 2,580	: 95,439	: 99.1	: 149.2	: 45.5	: 103.0
July	: 74,322	: 12,938	: 2,580	: 89,840	: 100.8	: 97.5	: 45.5	: 97.0
August	: 74,461	: 11,897	: 2,580	: 88,938	: 101.0	: 89.7	: 45.5	: 96.0
September	: 70,491	: 12,374	: 4,292	: 87,157	: 95.6	: 93.3	: 75.6	: 94.1
October	: 71,824	: 8,164	: 5,151	: 85,139	: 97.4	: 61.5	: 90.8	: 91.9
November	: 71,311	: 4,914	: 5,585	: 81,810	: 96.7	: 37.0	: 98.4	: 88.3
December	: 69,843	: 7,137	: 6,321	: 83,301	: 94.7	: 53.8	: 111.4	: 89.9
Average	: 72,649	: 11,752	: 2,368	: 87,269	: 98.6	: 88.6	: 50.5	: 94.2
1936	:	:	:	:	:	:	:	:
January	: 70,014	: 8,899	: 6,167	: 85,080	: 95.0	: 67.1	: 108.7	: 91.8
February	: 71,315	: 9,389	: 5,929	: 86,633	: 96.7	: 70.8	: 104.5	: 93.5
March	: 72,135	: 11,515	: 5,672	: 89,322	: 97.9	: 86.8	: 99.9	: 96.4
April	: 70,926	: 13,011	: 6,122	: 90,059	: 96.2	: 98.1	: 107.9	: 97.2
May	: 70,576	: 18,985	: 6,791	: 96,352	: 95.7	: 143.1	: 119.6	: 104.0
June	: 74,226	: 20,525	: 5,800	: 100,551	: 100.7	: 154.7	: 102.2	: 108.5
July	: 78,239	: 14,767	: 3,845	: 96,851	: 106.1	: 111.3	: 67.7	: 104.5
August	: 77,905	: 14,073	: 5,113	: 97,091	: 105.7	: 106.1	: 90.1	: 104.8
September	: 75,636	: 12,174	: 7,739	: 95,549	: 102.6	: 91.7	: 136.3	: 103.1
October	: 74,571	: 14,937	: 4,089	: 93,597	: 101.2	: 112.6	: 72.0	: 101.0
November	: 75,463	: 9,149	: 5,714	: 90,326	: 102.4	: 69.0	: 100.7	: 97.5
December	: 73,452	: 11,611	: 5,228	: 90,291	: 99.6	: 87.5	: 92.1	: 97.4
Average	: 73,714	: 13,269	: 5,676	: 92,659	: 100.0	: 100.0	: 100.0	: 100.0
1937	:	:	:	:	:	:	:	:
January	: 72,669	: 15,131	: 4,546	: 92,346	: 93.6	: 114.0	: 80.1	: 99.7
February	: 73,327	: 13,958	: 5,068	: 92,353	: 99.5	: 105.2	: 89.3	: 99.7
March	: 74,489	: 15,957	: 5,315	: 95,761	: 101.1	: 120.3	: 93.6	: 103.3
April	: 73,215	: 17,174	: 5,426	: 95,815	: 99.3	: 129.4	: 95.6	: 103.4
May	: 70,867	: 25,033	: 5,897	: 101,797	: 96.1	: 188.7	: 103.9	: 109.9

1/ Daily Sales calculated from monthly estimates of total milk used in the marketing area. 2/ Class I milk means all milk sold or distributed as whole milk, chocolate milk, or flavored milk for consumption in the Sales Area; effective May 1, 1936, means all milk sold or distributed as milk, chocolate milk or flavored milk drinks and all milk not established as Class II. 3/ Class II milk means the quantity of milk in excess of Class I; effective May 1, 1936, means milk accounted for as being sold, distributed or disposed of other than as milk, chocolate milk or flavored milk drinks, or as actual plant shrinkage within reasonable limits.
Computed by Dairy Section, Agricultural Adjustment Administration, from reports of the market administrator.

in Class I sales is rather small. For the year 1935, the seasonal variation in Class I sales ranged from a low point of 94.7 percent in December to 101.0 percent in August, a range of only 6.3 percent (average 1936 = 100). During the year 1936, the seasonal variation in Class I sales ranged from a low point of 95 percent in January to 106.1 percent in July, a range of only 11.1 percent (average for year = 100). The seasonal variation in total sales fluctuates within a slightly wider range than does the seasonal variation in Class I sales, but the relationship between the seasonal variation in Class I sales and total sales is close enough to indicate that milk producers in the Fall River Marketing Area plan their farming operations as pointed out in the discussion under seasonal variation in deliveries of milk by producers.

Figure 4 shows the index of seasonal variation in estimated daily sales of Class I and total milk, in the Fall River market, April 1934 - May 1937.

E. Transportation of milk, Fall River Marketing Area. 34/

Practically all hauling of milk from producers' farms to handlers' plants is done by truckers hired by the handlers. From April 1, 1934, to September 1, 1934, the following schedule of hauling charges was in effect:35/

Zone 1 - 1 to 3 miles	15 cents per hundredweight
" 2 - over 3, to 8 miles	23 cents per hundredweight
" 3 - " 8, to 12 "	35 cents per hundredweight
" 4 - " 12 miles	45 cents per hundredweight

An extra charge of 5 cents per hundredweight was made for "Bad roads".

On September 1, 1934, hauling rates were reduced to the following schedule: 36/

Zone 1	-	12 cents per hundredweight
" 2	-	20 cents per hundredweight
" 3	-	30 cents per hundredweight
" 4	-	40 cents per hundredweight

The allowance of an additional 5 cents per hundredweight for "Bad roads" was retained.

F. Sanitation regulations. 37/

The system of legal requirements and inspection as to equipment and methods under which the Fall River milk supply is produced and distributed results in a high quality of milk. The Fall River Health Department and the Milk Regulation Board of the Commonwealth of Massachusetts co-operate in insuring a high quality milk supply through a thorough system of inspection of farms and plants, the City Health

34/ The material in sections E and F is taken from Paper No. 2, op. cit. pp. 39-40. 35/ Report of Market Administrator, License No. 48.

36/ Ibid. 37/ Information secured from report of Market Administrator, License No. 48.

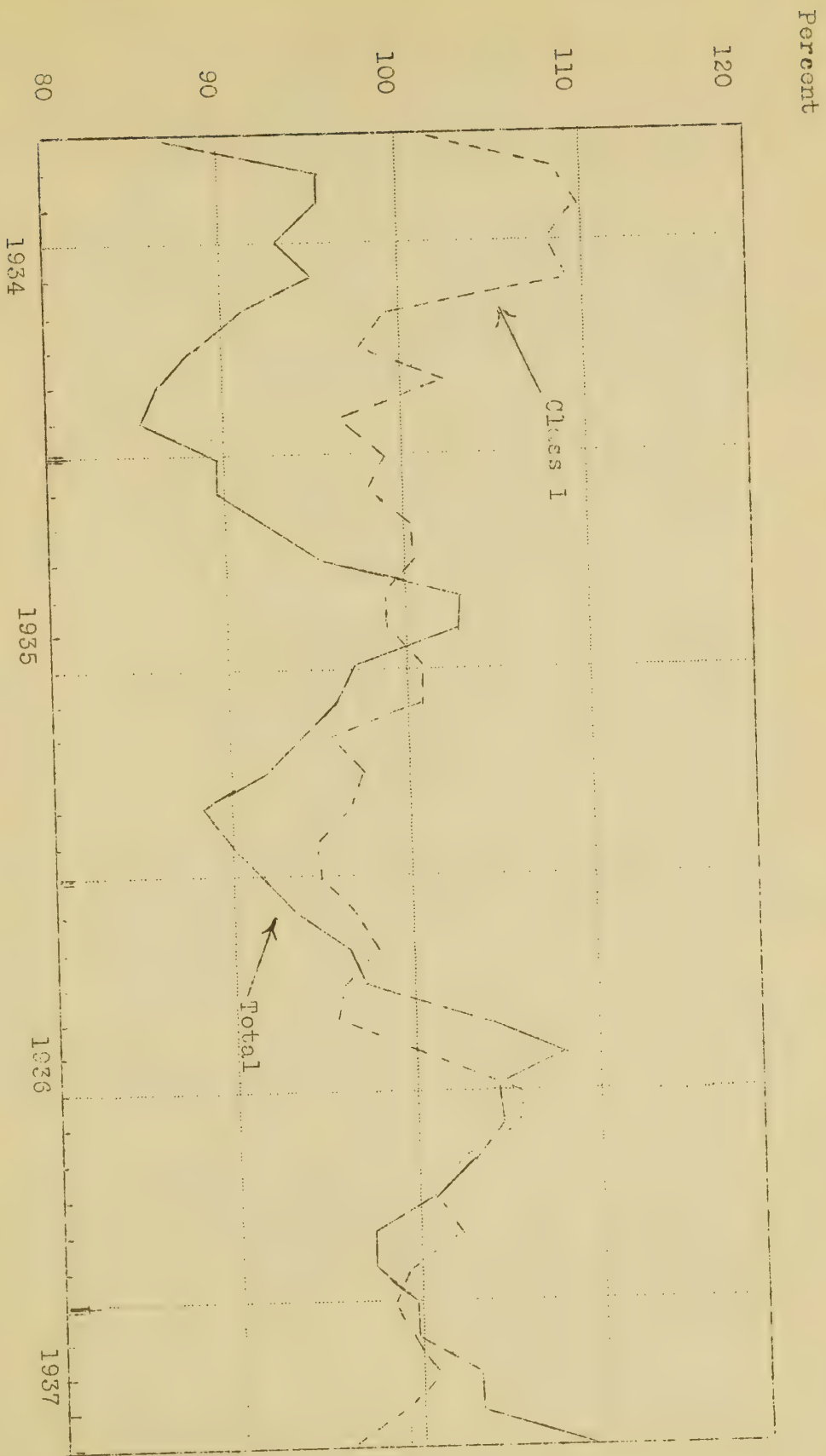


Figure 4.- Index numbers of seasonal variation in estimated daily sales of Class I milk and total milk, at Fall River, Massachusetts, April 1934-May 1937 (Average 1936 = 100)



Department inspecting farms located in Massachusetts, and the State authorities inspecting those located in Rhode Island. A score-card system of checking farm equipment and methods is used, farms subject to State inspection being scored annually, and those under city inspection being subject to inspection 4 times per year. 38/

In addition to such inspection as to equipment and methods, all cattle on farms supplying milk to the Fall River market must be examined regularly for evidence of tuberculosis by the veterinarian of the Fall River Board of Health. This inspection applies to cattle on farms wherever located, whether within or without the Commonwealth of Massachusetts, and is in addition to any federal or State inspection to which such cattle may be subject.

On the basis of the above inspections, the producer is issued annually a "Milk Producer's Permit" without which no producer may sell milk for consumption as milk in Fall River. So-called "outside" cream, however, is subject to no such system of inspection.

Some specific standards adhered to are indicative of the results of the quality program which has been pursued in Fall River for a number of years. Massachusetts State law requires that milk contain not over 400,000 bacteria per c.c. before pasteurization nor over 40,000 per c.c. after pasteurization. The Fall River Board of Health requirement is not more than 25,000 bacteria per c.c. after pasteurization, and the same standard prevails under Rhode Island State law. Dealers selling in Fall River are subject to a pasteurization ordinance which requires that all milk be pasteurized and that plants be located in the city. While certain existing plants are outside the city limits, it is understood that any newly constructed plant will have to be located in the city.

As part of the procedure in securing a low bacteria count in the milk supply, cooling to 50 degrees F. is required immediately after milking. Consequently, 63 percent of the producers are now equipped with mechanical refrigeration. 39/

38/ In practice, the frequency of inspection may vary considerably from the 4-times-per-year standard.

39/ Information supplied by Market Administrator, License No. 48.

PART VIII

Conclusions Relative to Minimum Prices to Producers as set forth in the Proposed Marketing Agreement and Proposed Order.

A. The Class I price.

A Class I price of \$3.66 per hundredweight has been effective in the Fall River market since December 16, 1936. During that period, the number of producers supplying the market has remained fairly constant, and the total estimated deliveries of milk have increased slightly (comparing data for January-April 1937 with those for January-April 1936). Consumption of fluid milk, as indicated from Market Administrator's estimates based on volume of Class I sales, appears to have been higher during the first four months in 1937 than during the same months in 1936. The outlook for Class I sales appears better, in view of employment and economic conditions generally, and with a continuation of the same Class I price some increase in milk consumption should be expected.

The proposed Class I price of \$3.66 per hundredweight is designed to be a price that adequately compensates producers so that there will be assured an adequate supply of high quality milk to meet the fluid milk requirements of the market.

B. The Class II price.

The proposed Class II price formula is based directly on the price of butterfat in cream of bottling quality in the Boston market. The volume of Class II milk in relation to total volume (shown in Table 20) indicates that producers in the Fall River Area have been producing only a moderate quantity of excess over fluid milk requirements. This supply ordinarily does not fulfill all the requirements of dealers in the market for cream for distribution as fluid cream. The proposed price is based on the same formula as set forth in Order No. 5, effective May 1, 1936, which places the value of butterfat in Class II milk on a direct ratio with the value of butterfat in "outside" or competitive cream.

PART IX

Other Provisions of the Proposed Marketing Agreement and
Proposed Order for the Fall River Marketing Area

A. Terms defined by the proposed marketing agreement and
proposed order.

The definitions of the terms, "Person", "Producer", and "Handler" in the proposed marketing agreement and proposed order are the same as in Order No. 5, effective May 1, 1936 for the Fall River Marketing Area and a complete discussion of these terms is set forth in the economic brief prepared by the Dairy Section on the Fall River market in February 1936. 40/ Reference is made to this paper for a discussion of the above terms. The reasons given in said paper relative to the basis for the terms under discussion apply with equal force to the inclusion of the terms in the proposed marketing agreement and proposed order.

B. Market administrator and provisions relating thereto 41/

Selection, removal, and bond. In order that the Secretary can be assured that the administration of the proposed marketing agreement and proposed order is being carried out without any bias in favor of or against any group in the Fall River Marketing Area, it is necessary that he appoint the market administrator. This procedure was followed in all Federal milk licenses, due to the fact that it has proven more feasible than other types of administrative organization. The person selected needs to be one of wide experience and one with complete understanding of the proposed marketing agreement and proposed order. In order further to insure unbiased administration of the proposed marketing agreement and proposed order, it is necessary that the market administrator, selected by the Secretary, be subject to removal by the Secretary and only by the Secretary. For further assurance to all concerned of the faithful and honest performance by the market administrator of his duties, the market administrator is required to execute and deliver to the Secretary a bond in such amount as the Secretary may determine, with surety thereon satisfactory to the Secretary.

Compensation. The Secretary, who selects the market administrator, should also be the one to determine a reasonable compensation for the market administrator he selects. The market administrator being necessary for the proper administration of the proposed marketing agreement and proposed order, his salary is considered an expense of administration.

Duties. In order that there shall be proper administration of the proposed marketing agreement and proposed order, the market administrator must:

1. Keep such books and records as will clearly reflect the

40/ Paper No. 2. Op. Cit., pp. 43 - 44.

41/ The material in sections B, C, D and E is adopted largely from Paper No 2 Op. Cit., pp. 44 - 47.

financial transactions provided for in the proposed marketing agreement and proposed order. In order for the Secretary to be assured, and to assure producers and handlers, of proper administration of the proposed marketing agreement and proposed order, the books and records of the market administrator must be subject to his examination at any and all times. Only by being so assured can the Secretary know definitely that the proposed marketing agreement and proposed order are effectuating the policy of Congress as stated in the Agricultural Marketing Agreement Act of 1937.

2. In order for the Secretary to be informed, furnish such information and verified reports as the Secretary may request.

3. In order to assure that his duties, for which the Secretary is responsible, are being properly carried out by his employees, obtain a bond for each employee who handles funds entrusted to the market administrator under the provisions of the proposed marketing agreement and proposed order. Most of the money handled in the administrator's office belongs to handlers or producers, and the bond would cover possible losses to them. This insurance being necessary to the proper administration of the proposed marketing agreement and proposed order, the expense of such bond should be a part of the expense of administration.

4. Publicly disclose, except as otherwise directed by the Secretary, the name of any person who has not:

(a) Made reports pursuant to article V of the proposed marketing agreement and proposed order. These reports are the only way in which the market administrator can determine, in a reasonable length of time, sales made by each handler in each class. These reports are necessary in order that prices to producers be computed by the market administrator and the purpose of the proposed marketing agreement and proposed order be effectuated. If the handler pays his producers without filing these reports, other handlers and also the producers should be informed that that handler had not filed reports and that the market administrator could not determine if the handler had paid the correct price for his milk. If the producers are not so informed, they might assume that they had been paid the correct price. The market administrator must make it known that he had not verified the price paid, and, therefore, was not responsible for its correctness.

(b) Made payments pursuant to article VIII of the proposed marketing agreement and proposed order. The market administrator obtains information to compute the price that shall be paid by each handler and also obtains information as to what price was paid. With no notice to the contrary, a producer might assume that the price he received was the one to which he was entitled, when, in fact, it might be different from what the market administrator had computed as being correct. Because the producer might make such an incorrect assumption, the market administrator must notify such producer that the prices paid by the handler were not those computed by the market administrator. All handlers will be in the same competitive position only if they pay the price as computed by the administrator. The other handlers in the market, in order to be on equal

competitive terms, must know the names of those competitors who have not paid the same price for milk (subject only to adjustments) as they have.

C. Inter-handler sales and non-handler sales

Article III, section 2, provides that milk sold by a handler to another handler or to a person not a handler who distributes milk or manufactures milk products shall be presumed to be Class I milk, provided that, if such handler, submits satisfactory proof to the market administrator that such milk was sold, used, or distributed by the purchasing handler other than as Class I, such milk shall be classified as Class II. It is one of the fundamental objectives of the proposed marketing agreement and proposed order that all handlers shall pay uniform prices for their milk according to the use to which it is put.

The routes of milk from producer to consumer are so intricate and varied that, as a practical necessity, the sale of milk must be classified at some focal point in the routes. In this way only can the market administrator be sure that some handlers are not purchasing milk at Class II prices and using it as Class I milk.

D. Sales outside the Fall River Marketing Area

Section 3 of article IV provides that for Class I milk sold in markets outside the marketing area the price charged shall be such price as the market administrator has determined is being paid by handlers in such markets for milk of equivalent use.

Some handlers who purchase milk from producers, as defined in the proposed marketing agreement and proposed order, sell milk not only in the marketing area but also in markets outside the marketing area. The proposed marketing agreement and proposed order is designed to regulate and set prices to be paid for all milk purchased from producers by handlers who handle milk in the marketing area. But, because most of the handlers in the markets outside the marketing area are not subject to the proposed marketing agreement and proposed order, the Class I price specified in it might put those handlers at a disadvantage (or an advantage) with their competitors operating in those markets with respect to the prices paid for Class I milk. Thus, it would be inequitable to apply the Class I price as stated in the proposed marketing agreement and proposed order to such sales of milk if that procedure would create such a situation. Nor can the price be left open to the discretion of the handler, for that price applied to some milk purchased from producers who are supplying the Fall River Marketing Area and so affects the prices paid to them. The only logical procedure is for the market administrator to ascertain what prices other handlers operating in those outside markets are paying for their Class I milk and to charge handlers subject to the proposed marketing agreement and proposed order the same price.

E. Equalization of fluid milk sales among producers

The used plan of payment for milk puts all handlers in the market on an equitable competitive basis, and equalization of fluid milk sales is

intended to do the same thing for all producers. Equalization of fluid milk sales is simply an extension of a plan that has been employed by each handler and each cooperative creamery. If a creamery sold 75 percent of its milk as whole milk and the remainder as cream, it did not pay 75 percent of its producers the fluid milk price for all their milk and the remaining 25 percent the cream price for all their milk. Such a method obviously would have been inequitable. Instead, each producer was paid the whole milk price for 75 percent of his deliveries and the cream price for the remaining 25 percent. Under the proposed marketing agreement and proposed order the fluid milk sales of the whole market are distributed among all producers in the milk shed in exactly the same way as though they were all members of a cooperative association which equalized its fluid milk sales among its members.

The lack of any plan for an equitable distribution of fluid milk sales among all producers has been one of the principal causes of unsatisfactory conditions in the Fall River Marketing Area during past years, for it has led to destructive competition among producers. Under normal conditions in the Eastern markets, whole milk prices average approximately twice as high as the prices paid for milk reported for use as cream. However, the milk used as cream is of the same quality as the milk used for fluid milk and can at any time be sold as whole milk in competition with it. A handler's ability to pay his producers a favorable composite price, as compared with the price of competitors, has depended largely upon his not having so great a volume of surplus sales (in this case, cream) as his competitors. If, by cutting prices, a producer succeeded in selling a large percentage of his milk as fluid milk, the composite price received would be higher than that of another producer who received the full market price but carried a larger percentage of the surplus. Thus, it was that a handler could cut the price of fluid milk in the city and still pay a composite price in the country, as high or even higher than that of the competitors who did not cut prices. (See Part IV above for discussion regarding flat price buying.)

The actual operation of the equalization plan is simply a means of distributing to all producers similarly circumstanced the value of the fluid milk sales in the market by all handlers. With a 40 percent surplus in a market, each producer should get surplus prices on 40 percent of his deliveries. The Class I and Class II sales are not distributed equally among handlers. One handler may have no Class I sales, yet his producers are entitled to Class I price for 60 percent of their deliveries. But another handler may sell 100 percent of his producer's milk as Class I and his producers, if they are to carry the same amount of surplus as other producers, should get Class I price for only 60 percent of their deliveries. The first handler, who has no Class I sales, is enabled to pay his producers the Class I price for 60 percent of their deliveries by receiving from the equalization pool enough money to pay producers the difference between the Class II and Class I prices for 60 percent of the milk received. The second handler, who sells as Class I 100 percent of the milk received from producers, pays into the equalization pool the difference between the Class I and Class II prices on 40 percent of the milk received. If a handler happened to sell exactly 60 percent of the milk as fluid milk, he would pay producers directly for 60 percent of the milk at Class I prices, and for 40 percent at Class II, rather than paying them partly through the equalization pool.

The whole plan works exactly as if all handlers paid into the pool the volume of their Class I milk times the Class I price plus the volume of their Class II milk times the Class II price, whereupon the total sum would be distributed equitably among producers according to their deliveries. The market administrator's office acts merely as a clearing house for transactions. Thus, there remains room for any gains through superior quality or differences in efficiency of any individual handler, because any gain from operations after the milk had passed the receiving room door is retained by the handler and not shared by the rest of the market.

F. Computation, accounts and payments

Article V of the proposed marketing agreement and proposed order sets forth three types of reports which handlers are required to submit and provides for the verification of these reports. The necessity for all these reports and for their verification becomes apparent with the realization of the nature of a milk market and practical operating problems which arise in making effective the class prices in the payments to all producers of uniform prices which reflect the utilization of milk by all handlers.

Section I required handlers to submit reports on or before the fifth day after the end of each delivery period, showing, in such detail and form as the market administrator discovers to best fit the particular conditions, the information as to all milk or cream received by handlers and the utilization of such milk. With this information before him, the market administrator is able to determine for each handler the classification of the milk, the total payment to be made to producers therefor, and, after combining the total payments of all handlers, the uniform price which will distribute such total amount of money to all producers who delivered the milk to all handlers.

Section 2 provides for other reports with respect to producers delivering milk to a handler. These reports enable the market administrator to secure needed information with respect to producers after a handler has newly become a party to the agreement or subject to the order, or to request information not already in his hands, which is needed for full knowledge in order to effectuate and to determine the effects of the order in relation to the policy of the Act. The second report provided for under section 2 required that each handler report to the market administrator upon first receiving milk from any producer who has not previously shipped milk to that handler, in order that the market administrator may keep his records up to date with respect to the producers delivering to each handler and to the coming into the market of producers who did not market milk regularly for thirty days prior to the effective date of the marketing agreement and order.

Section 3 provides for the regular reporting by handlers of their payments to producers for each delivery period in the form of a copy of the handler's producer payroll. Such a report expedites the routine checking of compliance with the marketing agreement and order and provides in an economical way the information necessary for the market administrator to maintain adequate producer records.

Section 4 provides that each handler shall permit the market administrator to verify the information contained in all reports. The importance of routine verification of all reports is readily understandable in view of the intricate and detailed transactions which are inherent in the milk business. With regard to auditing reports and books of handlers, the Federal Trade Commission in its recent study concerning conditions with respect to the sale and distribution of milk and dairy products in some of the major fluid milk markets of the country, states as follows: "Reports and adequate audits of milk utilization are essential to all milk-settlement plans wherein the use made of the milk is the basis for arriving at prices to be paid producers." ^{42/} It is pointed out in this report that in some markets "distributors have engaged in numerous practices inimical to the interests of producers which an adequate audit would have disclosed." ^{43/} Where errors both willful and accidental may so readily creep in and affect the returns to producers, successful operation of a marketing agreement and order depends to a large degree upon the extent to which the market administrator assures himself of the correctness of the figures supplied to him by handlers in their reports and of the correctness of the sampling, weighing, and testing for butterfat of the milk which is delivered by producers. Such routine verification is thus extremely necessary for the effectuation of the provisions of the proposed marketing agreement and proposed order.

The provisions of article VI of the proposed marketing agreement and proposed order relate to handlers who are also producers. Section I prescribes the method by which the market administrator is to include in the pool computations the milk purchased by such handlers from other producers. The method prescribed is designed to establish a sound basis of determining the proportion of such producer-handler's total purchases from producers, which is to be paid for at the Class I price and the proportion which is to be paid for at the Class II price. This is done by excluding, first, the milk purchased in each class from other handlers, second a quantity of the remaining Class I sales of said-producer-handler up to but not exceeding 95 percent of the milk produced and sold by him, and third, from his remaining Class II milk the balance of the milk produced and sold by him. The Class I and Class II milk which still remains will be included in the computations and will determine the amount which said producer-handler is required to pay for the milk which he purchases from producers.

Article VII of the proposed marketing agreement and proposed order is purely administrative in nature but necessary in order to set forth definitely the procedure by which the market administrator is to translate the class prices into uniform prices to all producers, with the adjustment to apportion equitably among producers the total value of milk for each delivery period according to production during a representative period of time.

Section I of this article provides for the computation of the total

^{42/} House Document No. 94, 75th Congress, 1st Session, 1937, pp.23 - 24.

^{43/} Ibid, p. 24.

value by classes of all the milk purchased by any handler to determine his total obligation to producers for milk purchased.

Section 2 provides for the computing of the payments per hundredweight, uniform, with stated adjustments, to all producers delivering to handlers, which will distribute the total value of milk received from producers by all handlers. The market administrator is required to notify all handlers and publish the uniform prices in effect for any delivery period on or before the 10th day after the end of such delivery period. The market administrator is thus allowed five days from the time of receiving reports of handlers for the necessary computations. The announcement of the price on this date allows a period of five days after receiving notice of the price before payment is required to be made to producers as a reasonable time for the clerical work necessary on the part of handlers in preparing checks and statements for distribution to producers. The series of computations is as follows:

1. Combine into one total the obligations computed for all handlers who are not in arrears as to any payments for the previous delivery period. Thus is made up the total market pool or the total amount of money to be distributed by means of the uniform prices. If a handler should fail to pay to the market administrator that part of his total obligation which is to be paid to producers by way of the market administrator, the paying out of the pool will be reduced by that amount. If a handler has so failed in one delivery period, it is reasonable to expect that he may repeat his failure in the next. Experience in operating market pools under licenses has shown that handlers will tend to make their reports and then fail to make the payments, making necessary a further guide to the make-up of the pool than that of having a report in hand. Such a procedure, prescribed for the market administrator, in no way relieves the handler in his violation of the order, penalties for which are provided in the Agricultural Marketing Agreement Act of 1937.

2. The payment to certain producers for their milk at the Class I price of \$3.66 per hundredweight for that proportion of their effective base which is equal to the proportion of all Class I milk to be paid for by handlers at \$3.66 per hundredweight and the payment to certain other producers for their milk at the Class II price being prescribed, it is necessary to subtract from the total pool the amount of money which is prescribed to be paid out in these cases.

3. There is now left in the pool the net amount of money to be divided over all of the remaining amount of milk which was delivered by producers not in excess of the bases. This sum is divided by the remaining delivered base milk, the result being the blended price per hundredweight for base milk.

4. There is a contingency, however, that not all of the handlers will make the portion of the payment to producers through the market administrator which is prescribed in article VIII. To cover such a contingency the market administrator is authorized to deduct from the rate per hundredweight an amount between 4 and 5 cents. This deduction from the blended price is not ultimately a deduction at all, but a deferring of the full payment until the money is sure to be in hand.

5. Paragraph 5 of the computations is a companion to paragraph 4 and to section 3 in providing for the distribution of all money in hand for producers up to the next preceding delivery period but one. By this means all of the collections for which the 4--5 cents was set aside are distributed each delivery period (one delivery period intervening) as the collections are made. It is more important to consider these three provisions in the light of the practical operation of the plan contained than to consider them in the light only of possible willful violations of the proposed marketing agreement and proposed order. Inevitably some reports will be late, some payments will fail to reach the market administrator on time, and errors will be made in both reports and payments. These three provisions give the market administrator a method by which to meet the practical problems which will arise in connection with the pool and still preserve practical equity in the distribution of money as among producers. The blended price announced by the market administrator, therefore, represents the pooled utilization of milk for the delivery period less 4--5 cents, plus whatever hitherto uncollected money has come into the market administrator's hands for previous delivery periods.

Article VIII of the proposed marketing agreement and proposed order provides that the minimum class prices shall be paid by handlers for each delivery period not later than the 15th day following the delivery period in the form of uniform prices to all producers, subject to specified adjustments which are authorized by the Agricultural Marketing Agreement Act of 1937. The adjustment which affects the returns of any producer under the proposed agreement and order is that adjustment depending upon deliveries of milk of a producer during a representative period of time which gives rise to the rating plan.

Paragraph 1, of section 1, therefore, provides that each producer shall be paid the Class I price of \$3.66 per hundredweight, for the quantity of milk delivered not in excess of the proportion of his effective rating which is the proportion of all Class I milk to be paid for by handlers at \$3.66 per hundredweight. Paragraph 2 prescribes that each producer shall be paid the Class II price for that quantity of milk delivered by him in excess of his rating. Paragraph 3 provides that each producer shall be paid the blended price, for that quantity of milk which represents the remaining portion of his delivered rating and which was not paid for at the Class I price of \$3.66 per hundredweight. These paragraphs, therefore, provide for one of the adjustments applicable to a uniform price under the terms of the Act, namely: adjustment as among producers on the basis of their deliveries of milk during a representative period of time. A literally uniform price would be a straight blend of the entire classification value of the milk delivered by all producers to handlers. By means of the computations already discussed and the payment of the Class II price for excess milk, producers thus receive an amount over such a uniform price for that milk represented by their bases and an amount less than such a uniform price for the milk delivered in excess of base.

Paragraph 4 provides for the payment to producers who did not regularly sell milk within the marketing area or to a handler for a period of thirty days prior to the effective date of the proposed marketing agreement and proposed order at the Class II price for all the milk

delivered during the period from the first delivery of milk until the end of two full calendar months thereafter. Such a provision, authorized by the Act, is based upon the characteristics of a milk market and of the necessary preparation which the dairyman must undertake to fit him for supplying the milk market with regular quantities of acceptable milk. The provision serves as a measure of protection to the dairyman who might be induced to make such preparation by a handler, later to be cast adrift by the handler when his purpose had been served, and further as a period of reasonable apprenticeship during which the dairyman may demonstrate his ability to meet the obligations inherent in supplying a milk market and thus be in position to secure real benefit from the regulation of handlers.

Paragraph 5 provides for the completion of the payment by each handler of the full classification value, but no more, of the milk received, as the handler made use of it, by paying to or receiving from the market administrator the difference between his payments direct to producers and the classification value of his milk. Thus, when all of the payments set forth in article VIII have been made, each handler has paid the minimum class prices uniformly with all other handlers, and producers have received uniform prices for milk delivered subject to the specified adjustments which translate a mathematically uniform price into practically uniform returns in accordance with the situation of the producer.

Section 3 provides for use, in paying producers, of a butterfat differential per hundredweight of milk for compensation as between producers who deliver milk of identical characteristics except for a difference in butterfat content. This differential is equal to the value of butterfat in cream of bottling quality in the Boston market. Since the class prices and the computed blended price are all on the basis of containing 3.7 percent butterfat content, when the handler has made his payments to producers, using the butterfat differential for each producer, he will have paid the total cost of all his purchases of milk at the 3.7 percent butterfat basis corrected to the actual average butterfat test of all his purchases by the amounts he deducts or adds in making payment to the individual producer.

G. Rating

According to the rating 44/ provision of article VII, the daily basic figure of a producer would be determined as follows: The rating which was in effect for each producer for the months of February and March, 1937 was determined for each producer by his average deliveries per day during that quarter of 1936 which was lowest of the three quarters beginning April 1, July 1, and October 1, 1936, respectively. Or, at the option of the producer he could select a rating equal to 85 percent of his average deliveries per day during the months of 1936 for which the information is in the files of the market administrator excluding the month which immediately followed a month when such producer had the first tuberculin test of his herd.

The rating in effect for each producer for each calendar quarter beginning April 1, 1937 is determined for such producer by his deliveries

44/ Frequently called "base-surplus", "base-rating", etc.

on not less than ten (10) consecutive days of the first five (5) delivery periods of the preceding calendar quarter. The new rating for each producer will be the rating which was in effect for the preceding calendar quarter, or the average daily deliveries as determined above if such average deliveries were less than the rating in effect for the preceding calendar quarter. The ratings of producers are then adjusted so that the total of all new ratings are equal to 110 - 115 percent of the average daily Class I milk sold by handlers during the last calendar quarter of the preceding calendar year. The proposed marketing agreement and proposed order contains the provision however, that no producer's rating shall be reduced for a calendar quarter following one in which he delivered as much or more milk in each of the first five (5) delivery periods in which the proportion of his delivered rating to established rating is equal to the proportion of all Class I milk paid for by handlers at \$3.66 per hundredweight. In other words, a producer may deliver less than his established rating without having his rating reduced provided he delivers as much of his established rating as is the proportion of total Class I milk paid for by handlers at \$3.66 per hundredweight. If a producer delivers less than this proportion then his rating is reduced and the rating lost is then divided among the producers who delivered more than this proportion and added to their rating. Thus the total ratings for the year will remain equal to 110 - 115 percent of the average daily Class I milk sold by handlers during the last calendar quarter of the preceding calendar year.

Paragraph 4 of section 1 of article VIII provides that new producers shall receive the Class II price for all their milk until the end of two full calendar months after first beginning to deliver milk. In order to compute a daily basic figure for such producers, a percentage of the average delivery per day during this period is taken, which percentage is determined by the relationship of the total deliveries of all producers not in excess of their bases during such period to the total deliveries of all producers.

Heretofore, the discussion has shown that all milk in the market is pooled, and priced to handlers in accordance with the form in which it is sold by them; and the economic basis for such pooling and pricing of milk has been pointed out in some detail. The next step in the marketing plan is the proration to producers of the proceeds of sales to handlers.

The proration plan that has been proposed and that has been incorporated in the proposed marketing agreement and proposed order is the type of plan commonly known as the "base-rating" or "base-surplus" plan. The problem involved is primarily that of dividing up the fluid milk market so that each producer shares equitably therein. It has been pointed out ^{45/} that in most markets fluid milk sales vary on a seasonal basis much less than milk deliveries. Hence, during the season of lowest deliveries, milk deliveries within most milk supply areas is more nearly equivalent to fluid milk sales than during the season of highest deliveries, when milk deliveries are usually considerable in excess of fluid

^{45/} Gaumnitz, E. W., and Reed, O. M., The Price Structure for Milk, Technical Paper No. 1, Dairy Section, Agricultural Adjustment Administration, United States Department of Agriculture.

milk sales. On the other hand, producers vary markedly from each other with respect to the seasonality of their deliveries. Many producers deliver practically a constant volume of milk throughout the year, and hence their deliveries conform quite closely on a seasonal basis to the seasonal requirements of the fluid milk trade. Other producers deliver a volume of milk that varies markedly from season to season, and hence their deliveries do not conform closely on a seasonal basis to the seasonal requirements of the fluid milk trade. Thus, the plan of making each producer's base equal to his deliveries during the short season is an equitable method of prorating the fluid milk market among producers. Producers are at liberty to increase their deliveries during the flush season if they so desire, but for this seasonal surplus milk they receive surplus milk prices. The base-rating plan does not in itself limit or in any way restrain the producer in his operations. He may increase or decrease his deliveries as he sees fit. Under the base-rating plan, however, many producers find it to their advantage to deliver a more even volume of milk from season to season rather than a volume that fluctuates widely from season to season. Some producers even out their seasonal delivery curves by shifting the freshening period of their cows, others feed relatively more grain than formerly during the short season. Still others increase their deliveries during the base period (the season of short deliveries) by increasing the number of cows on their farms, but do not materially change the seasonality of their milk deliveries.

That the rating plan is a commonly accepted market mechanism is evidenced by the large number of milk markets wherein the proceeds of sales to handlers are prorated to producers through the rating plan. On the basis of available information, it appears that the rating plan was started in Baltimore, Maryland, in 1918. Since that time, the rating plan has been instituted in a large number of important milk markets and has come to be recognized as an equitable method of prorating to producers the proceeds of sales to handlers. (See Table 22.) Table 23 shows the number of markets operating under the rating plan, by years, 1918 to 1934. The use of this plan of prorating to producers the proceeds of sales to handlers spread slowly, and by 1929 ten markets were operating under the plan. By 1933, the number of markets operating under the plan had increased to 27, and in 1934 34 markets were operating under the plan. The development of the rating plan has not been limited to any one section of the country.

According to the figures given in Table 22, markets in 17 States were operating under the plan. The States included, among others, such widely separated States as Massachusetts, California, Georgia, Oklahoma, and Michigan.

Prior to the effectuation of License No. 48, Fall River Sales Area, April 1, 1934, most distributors operating in the market were paying producers delivering to them according to the rating plan. There was, however, no general system of rating applicable to the entire market. Most dealers paid producers according to individual dealer pools, although a few small distributors purchased milk on a flat price basis. ^{46/} The establishment of ratings in the market on a market-wide plan was accomplished by the terms of License No. 48, by which ratings were allocated to producers according to their average deliveries during the entire year of

^{46/} Report of Market Administrator, License No. 48.

Table 22. Milk markets operating with base-surplus plans 1/ as a part of the market structure, and date of institution of base-surplus plan on these markets, as of February 1, 1935.

Market	State	Effective date of license	Year base-surplus plan was established (Approximate)
Philadelphia <u>2/</u>	Pennsylvania	Aug. 25, 1933	1919
Chicago	Illinois	Feb. 5, 1934	1929
Des Moines	Iowa	Feb. 14, 1934	1930 <u>3/</u>
Omaha-Council Bluffs	Nebraska-Iowa	Feb. 23, 1934	Feb. 23, 1934 <u>4/</u>
Evansville	Indiana	Feb. 26, 1934	1932
St. Louis	Missouri	Mar. 2, 1934	1930 <u>5/</u>
Boston	Massachusetts	Mar. 16, 1934	1930 <u>6/</u>
Lincoln	Nebraska	Mar. 17, 1934	1934
Wichita	Kansas	Mar. 17, 1934	Mar. 17, 1934 <u>7/</u>
Greater Kansas City	Missouri-Kansas	Mar. 17, 1934	1931
Detroit	Michigan	Apr. 1, 1934	1923 <u>8/</u>
Newport	Rhode Island	Apr. 1, 1934	1923
Providence	Rhode Island	" "	1931
New Bedford	Massachusetts	" "	1931
Fall River	"	" "	1931
Richmond	Virginia	May 1, 1934	1930
Leavenworth	Kansas	May 16, 1934	May 16, 1934
Quad Cities	Iowa-Illinois	June 1, 1934	July 1933 <u>9/</u>
Louisville	Kentucky	" "	1929 <u>10/</u>
Los Angeles	California	" "	Feb. 1926 <u>11/</u>
Ann Arbor	Michigan	July 1, 1934	1923 <u>12/</u>
Alameda County	California	" "	1930
Battle Creek	Michigan	" "	Sept. 1933
Bay City	"	" "	May 3, 1934
Flint	"	" "	May 3, 1934
Grand Rapids	"	" "	1923
Kalamazoo	"	" "	1933
Lansing	"	" "	1930 <u>13/</u>
Muskegon	"	" "	1930
Port Huron	"	" "	July 1, 1934 <u>14/</u>
Saginaw	"	" "	1927
Baltimore	Maryland	Aug. 1, 1934	1918
Savannah	Georgia	Aug. 16, 1934	1929
Tulsa	Oklahoma	Aug. 21, 1934	Nov. 11, 1934 <u>15/</u>
San Francisco	California	Oct. 2, 1934	1930
Southern Illinois	Illinois	Nov. 1, 1934	1932
San Diego	California	Feb. 1, 1935	1932
Atlanta	Georgia	Dec. 1, 1934	1932 <u>16/</u>

Compiled in most cases from transcripts of hearing for proposed marketing agreement for milk.

(continued)

1/ Sponsored in every case by a cooperative association of producers in the market.

2/ Operating under the "old" license policy.

3/ Base-surplus plan dropped from license December 5, 1934.

4/ Apparently no base-surplus plan prior to the license.

5/ Base-surplus plan discontinued under license as of November 16, 1934.

6/ There had been in effect for several years another plan prior to the present one.

7/ No base-surplus plan prior to license.

8/ Horner, J. L., Michigan State College, Special Bulletin No. 170, page 31.

9/ Abandoned in March 1934. Added to license September 1, 1934.

10/ Introduced about 1929 but discontinued in fall of 1930. Reestablished in later years.

11/ Source: U. S. D. A. Technical Bulletin No. 179, Cooperative Marketing of Fluid Milk, by Hutzler Metzger.

12/ Abandoned after several years. Reestablished in 1930.

13/ Operated only temporarily. Effected again in June 1934.

14/ The base-surplus plan had been used over a small part of the market for several years previously.

15/ Established as a license feature November 5, 1934.

16/ Two early attempts failed. Reestablished in February 1934.

Table 23. Number of milk markets, wherein base-surplus plans was instituted during the year, and cumulative total, 1918 - 1934, inclusive

Year	:	Number of markets where base-surplus plan was started during the year	:	Cumulative total
1918	:	1	:	1
1919	:	1	:	2
1920	:		:	2
1921	:		:	2
1922	:		:	2
1923	:	3	:	5
1924	:		:	5
1925	:		:	5
1926	:	1	:	6
1927	:	1	:	7
1928	:		:	7
1929	:	3	:	10
1930	:	8	:	18
1931	:	2	:	20
1932	:	4	:	24
1933	:	3	:	27
1934	:	7	:	34

Table 23, The data are incomplete in that no information is available covering all milk markets. The data given in the above table are taken from transcripts of hearings on milk licenses, and four markets operating under a base-surplus plan were excluded due to lack of information with respect to the date the plan was instituted.

1933 or during the months of August, September, October, and November, 1933, depending upon which average was the higher. It was further provided that, if a producer's average daily deliveries for any three consecutive months were less than seventy percent of his rating, he thereby received a new rating equal to such average daily deliveries. On September 1, 1934, this provision was amended changing "seventy percent" to "eighty-five percent".

The rating procedure provided by the proposed marketing agreement and proposed order will not change the method of determining total ratings of all producers. It will permit a producer to deliver somewhat less milk than his established rating without having his rating reduced. The amount of a producer's established rating which he must deliver without having his rating reduced must be equal to or above the percentage of Class I milk paid for by handlers at \$3.66 per hundredweight is of total Class I milk.

By adjusting bases quarterly it recompenses those producers who produce more or less evenly throughout the year by reducing the rating of producers whose deliveries drop far below their established ratings during certain periods and dividing this volume of rating among producers who stand ready to deliver the full amount of their ratings. This method provides more flexibility to the rating structure and enables adjustments to be made quickly in ratings as between producers. The costs of producing milk are relatively high in the Fall River Area and it appears desirable to make frequent adjustments in the ratings of producers in order that the more even producers may be paid more in line with what the milk is actually worth instead of waiting until the end of the year to make adjustments in ratings.

The total ratings of producers in the market are maintained at approximately 110 - 115 percent of Class I sales by handlers during the last calendar quarter of the preceding calendar year. Total ratings in the market are adjusted only once each year because Class I sales in the Fall River market are relatively constant and the last quarter of the year is one of the high periods of Class I sales in this market. Total bases are maintained at 110 - 115 percent of Class I sales in order to provide sufficient quantity of high quality milk to take care of daily fluctuations in Class I sales. Experience has shown that this reserve is needed in most fluid milk markets. (See Part VII (D) for discussion of seasonal variation in Class I sales in the Fall River Marketing Area)

All Class I milk in the Fall River Marketing Area is not paid for by handlers at the Class I price. Milk sold by handlers for relief purposes and milk sold in markets outside of the marketing area is paid for by handlers at a price below the Class I price. The proportion of the total Class I milk paid for by handlers at the Class I price determines the percentage of a producer's established rating that he can deliver without having his rating reduced. For that proportion of his established rating (proportion of total Class I milk paid for by handlers at the \$3.66 price) each producer will receive the \$3.66 price per hundredweight. This provision is justified on the basis that if any producer feels that the cost of producing milk for the Fall River market is so high that he cannot afford to deliver milk for sale by handlers in markets outside of the marketing area and for relief purposes at lower prices, he may deliver his proportion of the Class I milk sold by handlers in the Fall River Marketing

Area and receive for this amount of milk the Class I price. For the balance of his delivered rating each producer will receive the blended price.

It will be apparent that the proposed plan does not change in any way the method of charging handlers for milk purchased. The only change is in the plan of prorating returns to producers. Under the proposed plan producers delivering large quantities of milk in excess of their established ratings will receive lower prices than under the plan in operation at the present time. On the other hand, producers who relate deliveries of milk to Class I sales by handlers in the Fall River Marketing Area will be recompensed for delivering milk in accordance with market needs.

The method provided for assigning ratings to new producers is equitable, in that such producers, by planning their deliveries during the period until the end of two full calendar months after making the first delivery, may largely determine their own ratings. A percentage of the daily average of deliveries by such a producer during this period, which is determined by the relationship between the total deliveries of all producers not in excess of their bases and the total deliveries during this period, gives the new producer a rating which is equitable in comparison with that of other producers.

H. Deductions for marketing services (Article IX of the proposed marketing agreement and proposed order.)

The Agricultural Marketing Agreement Act of 1937 states that the Secretary of Agriculture may provide for marketing services as follows: (section 8c, (5) (E))

"Providing (i) except as to producers for whom such services are being rendered by a cooperative marketing association qualified as provided in paragraph (F) of the subsection (5), for market information to producers and for the verification of weights, sampling, and testing of milk purchased from producers, and for making appropriate deductions therefor from payments to producers. . ."

The types of services to be provided are specifically set forth, namely checking of weights, sampling and testing of milk, and market information. The former has a direct bearing upon the size of payments received by producers and, in turn, the stability of the market structure; the latter provides for the dissemination of such information to producers as will aid them in a better marketing of their products.

Article IX of the proposed marketing agreement and proposed order provides for market services to producers. In section (1) provision is made for a deduction of four (4) cents per hundredweight from the payments made to producers, such monies to be expended by the market administrator for market information and the verification of weights, sampling, and tests of milk. Similarly, section (2) provides that, if a cooperative marketing association is found to be qualified under the requirements of paragraph F, section 8c (5) of the Act, and is properly rendering the services to producers enumerated in article IX, section (1) of the proposed marketing agreement and proposed order, then the monies deducted by handlers from the members of such association shall be paid over to that association.

It is declared to be the policy of Congress, as stated in the Agricultural Marketing Agreement Act of 1937, to recognize and encourage producer cooperatives. There is no restriction in the proposed marketing agreement and proposed order which would operate to the disadvantage of, or tend to supplant, their work. Rather, such services are encouraged by reason of a recognition that the cooperatives, due to a close relationship with their members, probably are in a better position to render those services to their members than is the market administrator.

Experiences of the cooperatives have demonstrated that the rendering of marketing services to their members is a desirable feature in the proper functioning of the market structure. Producers generally do not have available facilities to determine accurately the weight of their milk. Neither are they in a position to test precisely its fat content. Yet, without verification of the weights and tests as determined by handlers, producers often question the accuracy of the prices paid them. Marketing services in the nature of check-weighing and testing are thus rendered because the producers themselves desire such services.

It may appear that the expenses incurred in the verification of weights and tests are more properly chargeable to administration than to marketing service. The distinction is one of degree. Undoubtedly, spot checking of the purchases of milk of individual handlers by the market administrator would suffice in verifying weights and tests, and, in turn, the accuracy of price computations. Yet the producers, as stated heretofore, desire more than this. Their primary concern is that of ascertaining, not the general accuracy of the weights and tests made by the handler to whom they deliver milk, but the exact weights and tests of their own deliveries.

The presentation of marketing information to producers has become a necessary adjunct to an intricate marketing process. With this information, producers are better enabled to adjust their deliveries of milk to current market condition. The United States Department of Agriculture regularly furnished information to producers in the form of crop and livestock reports, outlook statements, etc. This service is maintained only because producers recognize this as indispensable.

The dissemination of current local market information, such as the price aspects of the market, local supply and demand conditions, etc., by the market administrator serves an identical purpose.

I. Expense of administration (Article X of the proposed marketing agreement and proposed order.)

The market administrator must necessarily incur many expenses in his operations: he must maintain a personnel sufficient to (a) compute periodically the prices to be paid by handlers to producers, and determine the adjustments from those prices, (b) record and audit the sales reports of handlers, and (c) provide for contact work with handlers and other parties in the market.

Table 24 shows the cost incurred in the administration of Order No. 5 during the period June 1, 1936 - May 31, 1937. The average cost per hundredweight of milk pooled was \$.02689.

TABLE 24.-FALL RIVER, MASS.: Expenses of Administration and Marketing Service under Order No. 5, June 1936-May 1937.

Expenditures	Administration	Marketing Service
	Dollars	Dollars
Auditing Service	114.05	
Apportioned to other areas		103.15
General expense	58.41	
Insurance	33.27	
Light	9.76	
Office supplies and stationery	84.20	
Payable to cooperatives		81.39
Postage	180.55	.02
Rent	426.94	
Salaries	6,299.09	474.25
Surety bond	20.00	
Traveling, other	357.39	198.90
Telephone and telegraph	111.67	
Stationery and printing	110.67	
Auditor's traveling	79.00	
Miscellaneous	6.07	
Total expenses	7,891.07	857.71
Average cost per hundredweight of milk pooled	.02689	
Income	9,515.33	975.32
Surplus	1,624.26	117.61

Compiled from reports of the Market Administrator

Article X of the proposed marketing agreement and proposed order for the Fall River Marketing Area provides that each handler shall pay to the market administrator a sum not exceeding three (3) cents per hundredweight, the monies so obtained being used to cover the cost of administration of the marketing agreement and order. The exact amount per hundredweight is to be determined by the market administrator. In view of the experience gained in the administration of License No. 48 and Order No. 5, it appears that the maximum charge for meeting costs of administration, three (3) cents per hundredweight as specified in article X of the proposed marketing agreement and proposed order, is reasonable.

The Agricultural Adjustment Act, as re-enacted and amended by the Agricultural Marketing Agreement Act of 1937, stipulates that "each order issued by the Secretary under this title shall provide that each handler subject thereto shall pay . . . such handler's pro rata share (as approved by the Secretary) of such expenses as the Secretary may find will necessarily be incurred by such authority or agency, during any period specified by him, for the maintenance and functioning of such authority or agency, other than expenses incurred in receiving, handling, holding, or disposing of any quantity of a commodity received, handled, held, or disposed of by such authority or agency for the benefit or account of persons other than handlers subject to such orders. The pro rata share of the expenses payable by a cooperative association of producers shall be computed on the basis of the quantity of the agricultural commodity or product thereof covered by such order which is distributed, processed, or shipped by such cooperative association of producers. . . ."

The expense of administration is thus required by law to be collected from handlers. This provision of the proposed marketing agreement and proposed order is so worded, however, that, if the funds on hand are sufficient to cover expenses, the market administrator may waive the payments from handlers as to any delivery period. The handlers are thus assured that the amounts assessed from them may be adjusted to requirements, and, since periodic audits are made of the records of the market administrator, that the monies are properly handled.

